



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2021
OF THE CONDITION AND AFFAIRS OF THE

Health Alliance Plan of Michigan

(Name)

NAIC Group Code 1311 (Current Period) , 1311 (Prior Period) NAIC Company Code 95844 Employer's ID Number 38-2242827

Organized under the Laws of Michigan , State of Domicile or Port of Entry Michigan

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization [X]
Other [] Is HMO, Federally Qualified? Yes [X] No []

Incorporated/Organized 06/27/1978 Commenced Business 02/08/1979

Statutory Home Office 2850 West Grand Boulevard (Street and Number) , Detroit, MI, US 48202 (City or Town, State, Country and Zip Code)

Main Administrative Office 2850 West Grand Boulevard (Street and Number)

Detroit, MI, US 48202 (City or Town, State, Country and Zip Code) 313-872-8100 (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard (Street and Number or P.O. Box) , Detroit, MI, US 48202 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard (Street and Number)

Detroit, MI, US 48202 (City or Town, State, Country and Zip Code) 248-443-1093 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.hap.org

Statutory Statement Contact Dianna L. Ronan CPA (Name) , 248-443-1093 (Area Code) (Telephone Number) (Extension)

dronan@hap.org (E-Mail Address) 248-443-8610 (Fax Number)

OFFICERS

| Name | Title | Name | Title |
|--------------------------------------|-------------------|--------------------------|---------------------|
| Michael Allen Genord M.D. | President and CEO | Robin Damschroeder # | Treasurer |
| Michelle Denise Johnson Tidjani Esq. | Secretary | Marjorie Ann Staten J.D. | Assistant Secretary |

OTHER OFFICERS

DIRECTORS OR TRUSTEES

| | | | |
|------------------------|----------------------------|----------------------------|--------------------------------|
| Shari Lee Burgess | Sandra A. Cavette MPH, RDH | Jeffrey A. Chaffkin | Mamatha Charmathi # |
| Caleb DeRosiers J.D. # | Denise G. Essenberg # | Michael Allen Genord M.D. | Jacalyn Sue Goforth |
| John K. Gorman | Joyce V. Hayes-Giles | Gregory Jackson # | Wright Lowenstein Lassiter III |
| Raymond Carmelo Lope' | Judith Stephanie Milosic | Adnan Radwan Munkarah M.D. | Felix M. Valbuena, Jr. M.D. # |
| | | | |
| | | | |

State of Michigan

ss

County of Wayne

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices* and *Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Michael Allen Genord M.D.
President and CEO

Robin Damschroeder
Treasurer

Michelle Denise Johnson Tidjani Esq.
Secretary

Subscribed and sworn to before me this day of ,

a. Is this an original filing? Yes [X] No []
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Roderick Irwin Curry, Notary
August 14, 2027

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|--------------------|--------------------------------------|------------------------|
| | 1 | 2 | 3 | 4 |
| | Assets | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | Net Admitted Assets |
| 1. Bonds (Schedule D)..... | 76,177,824 | | 76,177,824 | 124,610,642 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 0 | | 0 | 0 |
| 2.2 Common stocks | 110,782,230 | | 110,782,230 | 145,615,467 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances)..... | 1,776,535 | 34,551 | 1,741,985 | 1,872,091 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$57,485,948 , Schedule E-Part 1), cash equivalents (\$195,743,101 , Schedule E-Part 2) and short-term investments (\$4,304,821 , Schedule DA)..... | 257,533,870 | | 257,533,870 | 263,683,207 |
| 6. Contract loans (including \$ premium notes)..... | | | 0 | 0 |
| 7. Derivatives (Schedule DB)..... | 0 | | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | | 0 | 0 |
| 9. Receivables for securities | | | 0 | 42,195 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 2,477,662 | 0 | 2,477,662 | 2,346,232 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 448,748,121 | 34,551 | 448,713,570 | 538,169,833 |
| 13. Title plants less \$ charged off (for Title insurers only)..... | | | 0 | 0 |
| 14. Investment income due and accrued | 311,990 | | 311,990 | 530,706 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 17,673,760 | | 17,673,760 | 12,202,267 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)..... | | | 0 | 0 |
| 15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$11,809,253) | 11,809,253 | | 11,809,253 | 7,243,739 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 2,520,000 | | 2,520,000 | 1,350,000 |
| 16.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 11,707,572 | | 11,707,572 | 5,462,784 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 0 |
| 18.2 Net deferred tax asset..... | | | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 20. Electronic data processing equipment and software..... | 40,967,275 | 37,657,450 | 3,309,826 | 4,503,096 |
| 21. Furniture and equipment, including health care delivery assets (\$) | 12,786,785 | 12,786,785 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 30,545,741 | | 30,545,741 | 11,388,732 |
| 24. Health care (\$30,686,583) and other amounts receivable..... | 30,686,583 | | 30,686,583 | 33,968,103 |
| 25. Aggregate write-ins for other-than-invested assets | 10,467,412 | 9,976,602 | 490,810 | 364,911 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 618,224,493 | 60,455,387 | 557,769,106 | 615,184,170 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 | 0 |
| 28. Total (Lines 26 and 27) | 618,224,493 | 60,455,387 | 557,769,106 | 615,184,170 |
| DETAILS OF WRITE-INS | | | | |
| 1101. Deferred Compensation..... | 2,462,111 | | 2,462,111 | 2,331,686 |
| 1102. Rabbi Trust..... | 15,551 | | 15,551 | 14,546 |
| 1103. | | | 0 | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 2,477,662 | 0 | 2,477,662 | 2,346,232 |
| 2501. Prepaid Expense..... | 9,976,602 | 9,976,602 | 0 | 0 |
| 2502. Other Receivables..... | 490,810 | | 490,810 | 364,911 |
| 2503. | | | 0 | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 10,467,412 | 9,976,602 | 490,810 | 364,911 |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Year | | | Prior Year |
|--|--------------|----------------|-------------|-------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$ reinsurance ceded) | 178,517,883 | 1,909,338 | 180,427,221 | 149,748,627 |
| 2. Accrued medical incentive pool and bonus amounts | 18,373,966 | | 18,373,966 | 26,054,750 |
| 3. Unpaid claims adjustment expenses | 2,216,622 | | 2,216,622 | 2,216,622 |
| 4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act..... | 55,389,204 | | 55,389,204 | 2,334,984 |
| 5. Aggregate life policy reserves | | | 0 | 0 |
| 6. Property/casualty unearned premium reserves | | | 0 | 0 |
| 7. Aggregate health claim reserves..... | | | 0 | 0 |
| 8. Premiums received in advance | 16,981,286 | | 16,981,286 | 14,250,085 |
| 9. General expenses due or accrued | 43,212,251 | | 43,212,251 | 41,411,410 |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))..... | | | 0 | 0 |
| 10.2 Net deferred tax liability | | | 0 | 0 |
| 11. Ceded reinsurance premiums payable | | | 0 | 0 |
| 12. Amounts withheld or retained for the account of others | | | 0 | 0 |
| 13. Remittances and items not allocated | | | 0 | 0 |
| 14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current) | | | 0 | 0 |
| 15. Amounts due to parent, subsidiaries and affiliates | 33,839,483 | | 33,839,483 | 15,498,567 |
| 16. Derivatives..... | | 0 | 0 | 0 |
| 17. Payable for securities | 733,251 | | 733,251 | 190,030 |
| 18. Payable for securities lending | | | 0 | 0 |
| 19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)..... | | | 0 | 0 |
| 20. Reinsurance in unauthorized and certified (\$) companies..... | | | 0 | 0 |
| 21. Net adjustments in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 22. Liability for amounts held under uninsured plans | 408,027 | | 408,027 | 408,027 |
| 23. Aggregate write-ins for other liabilities (including \$ current) | 17,821,605 | 0 | 17,821,605 | 25,321,466 |
| 24. Total liabilities (Lines 1 to 23)..... | 367,493,578 | 1,909,338 | 369,402,916 | 277,434,567 |
| 25. Aggregate write-ins for special surplus funds | XXX | XXX | 0 | 0 |
| 26. Common capital stock | XXX | XXX | | 0 |
| 27. Preferred capital stock | XXX | XXX | | 0 |
| 28. Gross paid in and contributed surplus | XXX | XXX | 30,170,511 | 30,170,511 |
| 29. Surplus notes | XXX | XXX | 20,000,000 | 0 |
| 30. Aggregate write-ins for other-than-special surplus funds | XXX | XXX | 0 | 0 |
| 31. Unassigned funds (surplus) | XXX | XXX | 138,195,678 | 307,579,092 |
| 32. Less treasury stock, at cost: 32.1 .....shares common (value included in Line 26 \$) | XXX | XXX | | 0 |
| 32.2 .....shares preferred (value included in Line 27 \$) | XXX | XXX | | 0 |
| 33. Total capital and surplus (Lines 25 to 31 minus Line 32) | XXX | XXX | 188,366,189 | 337,749,603 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 557,769,106 | 615,184,170 |
| DETAILS OF WRITE-INS | | | | |
| 2301. Pension Liability - Long Term..... | 14,100,871 | | 14,100,871 | 21,604,834 |
| 2302. Deferred Compensation..... | 2,462,111 | | 2,462,111 | 2,331,686 |
| 2303. Retiree Health Benefits..... | 1,258,622 | | 1,258,622 | 1,384,946 |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above) | 17,821,605 | 0 | 17,821,605 | 25,321,466 |
| 2501. | XXX | XXX | | 0 |
| 2502. | XXX | XXX | | 0 |
| 2503. | XXX | XXX | | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | XXX | XXX | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | XXX | XXX | 0 | 0 |
| 3001. | XXX | XXX | | 0 |
| 3002. | XXX | XXX | | 0 |
| 3003. | XXX | XXX | | 0 |
| 3098. Summary of remaining write-ins for Line 30 from overflow page | XXX | XXX | 0 | 0 |
| 3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above) | XXX | XXX | 0 | 0 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|---|----------------|---------------|---------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member Months..... | XXX | 2,102,928 | 2,154,477 |
| 2. Net premium income (including \$0 non-health premium income)..... | XXX | 1,510,354,121 | 1,510,780,496 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | | 405,038 |
| 4. Fee-for-service (net of \$ medical expenses) | XXX | | 0 |
| 5. Risk revenue | XXX | | 0 |
| 6. Aggregate write-ins for other health care related revenues | XXX | 0 | 0 |
| 7. Aggregate write-ins for other non-health revenues | XXX | 0 | 0 |
| 8. Total revenues (Lines 2 to 7) | XXX | 1,510,354,121 | 1,511,185,534 |
| Hospital and Medical: | | | |
| 9. Hospital/medical benefits | | 1,199,815,289 | 1,053,473,863 |
| 10. Other professional services | | 53,267,609 | 40,557,480 |
| 11. Outside referrals | | 7,639,298 | 8,982,830 |
| 12. Emergency room and out-of-area | | 65,300,189 | 57,211,615 |
| 13. Prescription drugs | | 112,227,083 | 119,435,341 |
| 14. Aggregate write-ins for other hospital and medical | 0 | 0 | 0 |
| 15. Incentive pool, withhold adjustments and bonus amounts..... | | 5,161,810 | 30,751,232 |
| 16. Subtotal (Lines 9 to 15) | 0 | 1,443,411,278 | 1,310,412,361 |
| Less: | | | |
| 17. Net reinsurance recoveries | | 1,819,115 | 2,037,371 |
| 18. Total hospital and medical (Lines 16 minus 17) | 0 | 1,441,592,163 | 1,308,374,990 |
| 19. Non-health claims (net)..... | | | 0 |
| 20. Claims adjustment expenses, including \$15,113,173 cost containment expenses..... | | 22,916,135 | 23,269,779 |
| 21. General administrative expenses..... | | 126,563,618 | 129,135,954 |
| 22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)..... | | 51,700,000 | 0 |
| 23. Total underwriting deductions (Lines 18 through 22) | 0 | 1,642,771,916 | 1,460,780,723 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | (132,417,795) | 50,404,811 |
| 25. Net investment income earned (Exhibit of Net Investment Income, Line 17)..... | | 2,675,549 | 16,867,918 |
| 26. Net realized capital gains (losses) less capital gains tax of \$ | | 2,998,955 | 3,272,226 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | 0 | 5,674,505 | 20,140,144 |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)] | | 0 | 0 |
| 29. Aggregate write-ins for other income or expenses | 0 | 845,946 | 759,927 |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)..... | XXX | (125,897,344) | 71,304,881 |
| 31. Federal and foreign income taxes incurred | XXX | | 0 |
| 32. Net income (loss) (Lines 30 minus 31) | XXX | (125,897,344) | 71,304,881 |
| DETAILS OF WRITE-INS | | | |
| 0601. | XXX | | 0 |
| 0602. | XXX | | 0 |
| 0603. | XXX | | 0 |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | XXX | 0 | 0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) | XXX | 0 | 0 |
| 0701. | XXX | | 0 |
| 0702. | XXX | | |
| 0703. | XXX | | |
| 0798. Summary of remaining write-ins for Line 7 from overflow page | XXX | 0 | 0 |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) | XXX | 0 | 0 |
| 1401. | | | 0 |
| 1402. | | | 0 |
| 1403. | | | 0 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | 0 | 0 | 0 |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 0 | 0 | 0 |
| 2901. Delta Dental Commission Revenues..... | | 845,946 | 759,927 |
| 2902. | | | 0 |
| 2903. | | | 0 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 | 0 |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 0 | 845,946 | 759,927 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CAPITAL & SURPLUS ACCOUNT | | |
| 33. Capital and surplus prior reporting year | 337,749,603 | 278,769,674 |
| 34. Net income or (loss) from Line 32 | (125,897,344) | 71,304,881 |
| 35. Change in valuation basis of aggregate policy and claim reserves | | 0 |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ | (43,901,589) | (15,285,919) |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | 0 |
| 38. Change in net deferred income tax | | 0 |
| 39. Change in nonadmitted assets | (8,148,660) | 7,031,949 |
| 40. Change in unauthorized and certified reinsurance | 0 | 0 |
| 41. Change in treasury stock | 0 | 0 |
| 42. Change in surplus notes | 20,000,000 | 0 |
| 43. Cumulative effect of changes in accounting principles | | 0 |
| 44. Capital Changes: | | |
| 44.1 Paid in | 0 | 0 |
| 44.2 Transferred from surplus (Stock Dividend) | | 0 |
| 44.3 Transferred to surplus | | 0 |
| 45. Surplus adjustments: | | |
| 45.1 Paid in | 0 | 0 |
| 45.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| 45.3 Transferred from capital | | 0 |
| 46. Dividends to stockholders | | 0 |
| 47. Aggregate write-ins for gains or (losses) in surplus | 8,564,178 | (4,070,983) |
| 48. Net change in capital and surplus (Lines 34 to 47) | (149,383,414) | 58,979,929 |
| 49. Capital and surplus end of reporting year (Line 33 plus 48) | 188,366,189 | 337,749,603 |
| DETAILS OF WRITE-INS | | |
| 4701. Additional Pension Liability..... | 5,052,390 | (4,079,683) |
| 4702. Additional Retiree Health Benefits..... | 23,196 | 10,712 |
| 4703. Additional SERP Liability..... | (838) | (2,012) |
| 4798. Summary of remaining write-ins for Line 47 from overflow page | 3,489,430 | 0 |
| 4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above) | 8,564,178 | (4,070,983) |

CASH FLOW

| | 1 | 2 |
|---|---------------|---------------|
| | Current Year | Prior Year |
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance..... | 1,503,048,316 | 1,515,098,420 |
| 2. Net investment income | 3,522,224 | 17,795,870 |
| 3. Miscellaneous income | 720,047 | 429,944 |
| 4. Total (Lines 1 through 3) | 1,507,290,587 | 1,533,324,235 |
| 5. Benefit and loss related payments | 1,423,053,843 | 1,268,929,696 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 130,921,873 | 133,630,940 |
| 8. Dividends paid to policyholders | | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$tax on capital gains (losses) | 0 | 0 |
| 10. Total (Lines 5 through 9) | 1,553,975,716 | 1,402,560,636 |
| 11. Net cash from operations (Line 4 minus Line 10) | (46,685,129) | 130,763,598 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 147,337,730 | 83,745,529 |
| 12.2 Stocks | 9,500,000 | 1,675,000 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 585,416 | 41,921 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 157,423,145 | 85,462,451 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 99,869,169 | 97,768,892 |
| 13.2 Stocks | 16,292,608 | 16,268,547 |
| 13.3 Mortgage loans | 0 | 0 |
| 13.4 Real estate | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 |
| 13.6 Miscellaneous applications | 1,502 | 6,707 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 116,163,279 | 114,044,147 |
| 14. Net increase (decrease) in contract loans and premium notes | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | 41,259,866 | (28,581,696) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock..... | 0 | 0 |
| 16.3 Borrowed funds | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | 0 |
| 16.5 Dividends to stockholders | 0 | 0 |
| 16.6 Other cash provided (applied)..... | (724,073) | (13,070,051) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | (724,073) | (13,070,051) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | (6,149,336) | 89,111,852 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 263,683,207 | 174,571,355 |
| 19.2 End of year (Line 18 plus Line 19.1) | 257,533,870 | 263,683,207 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---------------|---|------------------------|----------------|----------------|--|----------------------------|--------------------------|--------------|---------------------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Net premium income | 1,510,354,121 | 568,745,811 | 0 | 0 | 0 | 99,816,366 | 841,791,945 | 0 | 0 | 0 |
| 2. Change in unearned premium reserves and reserve for rate credit | 0 | | | | | | | | | |
| 3. Fee-for-service (net of \$ medical expenses) | 0 | | | | | | | | | XXX |
| 4. Risk revenue..... | 0 | | | | | | | | | XXX |
| 5. Aggregate write-ins for other health care related revenues..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 6. Aggregate write-ins for other non-health care related revenues | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 7. Total revenues (Lines 1 to 6) | 1,510,354,121 | 568,745,811 | 0 | 0 | 0 | 99,816,366 | 841,791,945 | 0 | 0 | 0 |
| 8. Hospital/medical benefits | 1,199,815,289 | 412,278,977 | | | | 60,972,095 | 726,564,217 | | | XXX |
| 9. Other professional services | 53,267,609 | 19,253,505 | | | | 2,643,831 | 31,370,273 | | | XXX |
| 10. Outside referrals | 7,639,298 | 6,394,307 | | | | 772,839 | 472,152 | | | XXX |
| 11. Emergency room and out-of-area | 65,300,189 | 33,254,515 | | | | 4,632,547 | 27,413,127 | | | XXX |
| 12. Prescription drugs | 112,227,083 | 56,217,514 | | | | 22,692,205 | 33,317,364 | | | XXX |
| 13. Aggregate write-ins for other hospital and medical..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 14. Incentive pool, withhold adjustments and bonus amounts..... | 5,161,810 | (7,929) | | | | (952) | 5,170,691 | | | XXX |
| 15. Subtotal (Lines 8 to 14) | 1,443,411,278 | 527,390,889 | 0 | 0 | 0 | 91,712,565 | 824,307,824 | 0 | 0 | XXX |
| 16. Net reinsurance recoveries | 1,819,115 | 1,783,699 | | | | | 35,416 | | | XXX |
| 17. Total hospital and medical (Lines 15 minus 16) | 1,441,592,163 | 525,607,190 | 0 | 0 | 0 | 91,712,565 | 824,272,408 | 0 | 0 | XXX |
| 18. Non-health claims (net) | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 19. Claims adjustment expenses including \$15,113,173 cost containment expenses..... | 22,916,135 | 11,047,686 | | | | 1,165,483 | 10,702,966 | | | |
| 20. General administrative expenses | 126,563,618 | 59,882,854 | | | | 6,385,888 | 60,294,876 | | | |
| 21. Increase in reserves for accident and health contracts | 51,700,000 | 19,900,000 | | | | | 31,800,000 | | | XXX |
| 22. Increase in reserves for life contracts..... | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 23. Total underwriting deductions (Lines 17 to 22) | 1,642,771,916 | 616,437,730 | 0 | 0 | 0 | 99,263,936 | 927,070,250 | 0 | 0 | 0 |
| 24. Net underwriting gain or (loss) (Line 7 minus Line 23) | (132,417,795) | (47,691,919) | 0 | 0 | 0 | 552,430 | (85,278,306) | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | | |
| 0501. | | | | | | | | | | XXX |
| 0502. | | | | | | | | | | XXX |
| 0503. | | | | | | | | | | XXX |
| 0598. Summary of remaining write-ins for Line 5 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 0601. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0602. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0603. | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page..... | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) | 0 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |
| 1301. | | | | | | | | | | XXX |
| 1302. | | | | | | | | | | XXX |
| 1303. | | | | | | | | | | XXX |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

| | 1 | 2 | 3 | 4 |
|---|--------------------|------------------------|----------------------|--|
| Line of Business | Direct Business | Reinsurance Assumed | Reinsurance Ceded | Net Premium Income (Cols. 1+2-3) |
| 1. Comprehensive (hospital and medical) | 569,547,097 | | 801,286 | 568,745,811 |
| 2. Medicare Supplement | | | | .0 |
| 3. Dental only..... | | | | .0 |
| 4. Vision only..... | | | | .0 |
| 5. Federal Employees Health Benefits Plan | 99,912,708 | | 96,343 | 99,816,366 |
| 6. Title XVIII - Medicare | 842,029,222 | | 237,278 | 841,791,945 |
| 7. Title XIX - Medicaid..... | | | | .0 |
| 8. Other health..... | | | | .0 |
| 9. Health subtotal (Lines 1 through 8) | 1,511,489,028 | 0 | 1,134,907 | 1,510,354,121 |
| 10. Life | | | | .0 |
| 11. Property/casualty..... | | | | .0 |
| 12. Totals (Lines 9 to 11) | 1,511,489,028 | 0 | 1,134,907 | 1,510,354,121 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------------|--|------------------------|----------------|----------------|---|-------------------------|-----------------------|--------------|----------------------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non- Health |
| 1. Payments during the year: | | | | | | | | | | |
| 1.1 Direct | 1,401,070,427 | 513,110,653 | | | | 90,830,261 | 797,129,513 | | | |
| 1.2 Reinsurance assumed | 0 | | | | | | | | | |
| 1.3 Reinsurance ceded | 649,115 | 513,699 | | | | | 135,416 | | | |
| 1.4 Net | 1,400,421,312 | 512,596,954 | 0 | 0 | 0 | 90,830,261 | 796,994,097 | 0 | 0 | 0 |
| 2. Paid medical incentive pools and bonuses | 12,842,595 | 7,641,096 | | | | 953,378 | 4,248,121 | | | |
| 3. Claim liability December 31, current year from Part 2A: | | | | | | | | | | |
| 3.1 Direct | 180,427,223 | 75,146,538 | 0 | 0 | 0 | 10,204,243 | 95,076,442 | 0 | 0 | 0 |
| 3.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4 Net | 180,427,223 | 75,146,538 | 0 | 0 | 0 | 10,204,243 | 95,076,442 | 0 | 0 | 0 |
| 4. Claim reserve December 31, current year from Part 2D: | | | | | | | | | | |
| 4.1 Direct | 0 | | | | | | | | | |
| 4.2 Reinsurance assumed | 0 | | | | | | | | | |
| 4.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4 Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Accrued medical incentive pools and bonuses, current year | 18,373,966 | 3,456,661 | | | | 415,178 | 14,502,127 | | | |
| 6. Net healthcare receivables (a)..... | (6,500,446) | (2,391,939) | | | | (333,590) | (3,774,917) | | | |
| 7. Amounts recoverable from reinsurers December 31, current year | 2,520,000 | 2,520,000 | | | | | | | | |
| 8. Claim liability December 31, prior year from Part 2A: | | | | | | | | | | |
| 8.1 Direct | 149,748,627 | 63,250,313 | 0 | 0 | 0 | 9,654,577 | 76,843,737 | 0 | 0 | 0 |
| 8.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8.4 Net | 149,748,627 | 63,250,313 | 0 | 0 | 0 | 9,654,577 | 76,843,737 | 0 | 0 | 0 |
| 9. Claim reserve December 31, prior year from Part 2D: | | | | | | | | | | |
| 9.1 Direct | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.4 Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Accrued medical incentive pools and bonuses, prior year | 26,054,750 | 11,105,685 | 0 | 0 | 0 | 1,369,508 | 13,579,557 | 0 | 0 | 0 |
| 11. Amounts recoverable from reinsurers December 31, prior year | 1,350,000 | 1,250,000 | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 0 |
| 12. Incurred benefits: | | | | | | | | | | |
| 12.1 Direct | 1,438,249,469 | 527,398,817 | 0 | 0 | 0 | 91,713,517 | 819,137,135 | 0 | 0 | 0 |
| 12.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.3 Reinsurance ceded | 1,819,115 | 1,783,699 | 0 | 0 | 0 | 0 | 35,416 | 0 | 0 | 0 |
| 12.4 Net | 1,436,430,354 | 525,615,118 | 0 | 0 | 0 | 91,713,517 | 819,101,719 | 0 | 0 | 0 |
| 13. Incurred medical incentive pools and bonuses | 5,161,811 | (7,928) | 0 | 0 | 0 | (952) | 5,170,691 | 0 | 0 | 0 |

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|-------------|--|------------------------|----------------|----------------|---|-------------------------|-----------------------|-----------------|---------------------|
| | Total | Comprehensive (Hospital and Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan | Title XVIII Medicare | Title XIX Medicaid | Other Health | Other Non-Health |
| 1. Reported in Process of Adjustment: | | | | | | | | | | |
| 1.1. Direct | 26,144,235 | 12,567,660 | | | | 1,061,548 | 12,515,027 | | | |
| 1.2. Reinsurance assumed | 0 | | | | | | | | | |
| 1.3. Reinsurance ceded | 0 | | | | | | | | | |
| 1.4. Net | 26,144,235 | 12,567,660 | 0 | 0 | 0 | 1,061,548 | 12,515,027 | 0 | 0 | 0 |
| 2. Incurred but Unreported: | | | | | | | | | | |
| 2.1. Direct | 153,605,832 | 61,974,334 | | | | 9,070,083 | 82,561,415 | | | |
| 2.2. Reinsurance assumed | 0 | | | | | | | | | |
| 2.3. Reinsurance ceded | 0 | | | | | | | | | |
| 2.4. Net | 153,605,832 | 61,974,334 | 0 | 0 | 0 | 9,070,083 | 82,561,415 | 0 | 0 | 0 |
| 3. Amounts Withheld from Paid Claims and Capitations: | | | | | | | | | | |
| 3.1. Direct | 677,156 | 604,544 | | | | 72,612 | | | | |
| 3.2. Reinsurance assumed | 0 | | | | | | | | | |
| 3.3. Reinsurance ceded | 0 | | | | | | | | | |
| 3.4. Net | 677,156 | 604,544 | 0 | 0 | 0 | 72,612 | 0 | 0 | 0 | 0 |
| 4. TOTALS: | | | | | | | | | | |
| 4.1. Direct | 180,427,223 | 75,146,538 | 0 | 0 | 0 | 10,204,243 | 95,076,442 | 0 | 0 | 0 |
| 4.2. Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3. Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.4. Net | 180,427,223 | 75,146,538 | 0 | 0 | 0 | 10,204,243 | 95,076,442 | 0 | 0 | 0 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

| Line of Business | Claims Paid During the Year | | Claim Reserve and Claim Liability December 31 of Current Year | | 5 Claims Incurred in Prior Years (Columns 1 + 3) | 6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year |
|---|--|---|---|---|---|--|
| | 1 On Claims Incurred Prior to January 1 of Current Year | 2 On Claims Incurred During the Year | 3 On Claims Unpaid December 31 of Prior Year | 4 On Claims Incurred During the Year | | |
| 1. Comprehensive (hospital and medical) | 40,875,624 | 471,721,330 | 2,459,722 | 72,686,815 | 43,335,346 | 63,250,313 |
| 2. Medicare Supplement | | | | | .0 | .0 |
| 3. Dental Only..... | | | | | .0 | .0 |
| 4. Vision Only..... | | | | | .0 | .0 |
| 5. Federal Employees Health Benefits Plan | 4,170,377 | 86,659,884 | 570,095 | 9,634,147 | 4,740,472 | 9,654,577 |
| 6. Title XVIII - Medicare | 43,534,266 | 753,459,831 | 3,958,701 | 91,117,741 | 47,492,967 | 76,843,738 |
| 7. Title XIX - Medicaid..... | | | | | .0 | .0 |
| 8. Other health | | | | | .0 | .0 |
| 9. Health subtotal (Lines 1 to 8)..... | 88,580,267 | 1,311,841,045 | 6,988,518 | 173,438,703 | 95,568,785 | 149,748,628 |
| 10. Healthcare receivables (a)..... | | | 1,103,619 | 27,971,978 | 1,103,619 | 34,406,044 |
| 11. Other non-health..... | | | | | .0 | .0 |
| 12. Medical incentive pools and bonus amounts | 12,718,562 | 124,032 | 16,762,167 | 1,611,799 | 29,480,729 | 26,054,750 |
| 13. Totals (Lines 9-10+11+12) | 101,298,829 | 1,311,965,077 | 22,647,066 | 147,078,524 | 123,945,895 | 141,397,334 |

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 949,335 | 948,821 | 948,575 | 948,575 | 948,398 |
| 2. 2017..... | 786,451 | 908,565 | 908,204 | 908,204 | 908,135 |
| 3. 2018..... | XXX | 498,445 | 549,887 | 554,585 | 554,474 |
| 4. 2019..... | XXX | XXX | 489,019 | 525,760 | 527,202 |
| 5. 2020..... | XXX | XXX | XXX | 429,164 | 478,444 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 469,873 |

Section B – Incurred Health Claims - Hospital and Medical

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|---|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 953,579 | 948,799 | 948,575 | 948,575 | 948,398 |
| 2. 2017..... | 907,512 | 909,707 | 908,377 | 908,377 | 908,135 |
| 3. 2018..... | XXX | 574,240 | 550,920 | 554,767 | 554,474 |
| 4. 2019..... | XXX | XXX | 545,545 | 528,065 | 527,902 |
| 5. 2020..... | XXX | XXX | XXX | 501,033 | 485,247 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 540,974 |

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

| Years in which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
|--|--------------------------|--------------------------|--|--------------------------------|---|--------------------------------|------------------------|--|---|---------------------------------|
| 1. 2017..... | 1,014,669 | 908,135 | 14,126 | 1.6 | 922,261 | 90.9 | | | 922,261 | 90.9 |
| 2. 2018..... | 681,579 | 554,474 | 11,757 | 2.1 | 566,231 | 83.1 | | | 566,231 | 83.1 |
| 3. 2019..... | 641,877 | 527,202 | 11,560 | 2.2 | 538,762 | 83.9 | 700 | 8 | 539,470 | 84.0 |
| 4. 2020..... | 596,834 | 478,444 | 9,624 | 2.0 | 488,068 | 81.8 | 6,802 | 76 | 494,946 | 82.9 |
| 5. 2021..... | 568,746 | 469,873 | 9,515 | 2.0 | 479,388 | 84.3 | 71,101 | 793 | 551,282 | 96.9 |

Pt 2C - Sn A - Paid Claims - MS
NONE

Pt 2C - Sn A - Paid Claims - DO
NONE

Pt 2C - Sn A - Paid Claims - VO
NONE

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 117,418 | 117,392 | 117,370 | 117,370 | 117,361 |
| 2. 2017..... | 103,801 | 109,797 | 110,174 | 110,174 | 110,169 |
| 3. 2018..... | XXX | 101,667 | 109,430 | 109,759 | 109,751 |
| 4. 2019..... | XXX | XXX | 92,126 | 97,456 | 97,642 |
| 5. 2020..... | XXX | XXX | XXX | 81,444 | 86,214 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 86,849 |

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|---|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 117,545 | 117,392 | 117,370 | 117,370 | 117,361 |
| 2. 2017..... | 108,957 | 109,865 | 110,196 | 110,196 | 110,169 |
| 3. 2018..... | XXX | 107,832 | 109,547 | 109,755 | 109,751 |
| 4. 2019..... | XXX | XXX | 99,800 | 97,672 | 97,697 |
| 5. 2020..... | XXX | XXX | XXX | 92,256 | 87,335 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 96,293 |

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

| Years in which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
|--|--------------------------|--------------------------|--|--------------------------------|---|--------------------------------|------------------------|--|---|---------------------------------|
| 1. 2017..... | 119,161 | 110,169 | 1,026 | 0.9 | 111,195 | 93.3 | | | 111,195 | 93.3 |
| 2. 2018..... | 114,188 | 109,751 | 1,106 | 1.0 | 110,857 | 97.1 | | | 110,857 | 97.1 |
| 3. 2019..... | 107,246 | 97,642 | 902 | 0.9 | 98,543 | 91.9 | 55 | 1 | 98,599 | 91.9 |
| 4. 2020..... | 103,555 | 86,214 | 739 | 0.9 | 86,953 | 84.0 | 1,120 | 12 | 88,086 | 85.1 |
| 5. 2021..... | 99,816 | 86,849 | 1,024 | 1.2 | 87,873 | 88.0 | 9,444 | 105 | 97,422 | 97.6 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Medicare

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 637,775 | 637,516 | 637,236 | 637,236 | 637,174 |
| 2. 2017..... | 583,929 | 642,596 | 641,630 | 641,630 | 641,573 |
| 3. 2018..... | XXX | 556,796 | 602,824 | 600,168 | 600,158 |
| 4. 2019..... | XXX | XXX | 662,613 | 707,083 | 705,625 |
| 5. 2020..... | XXX | XXX | XXX | 684,001 | 731,587 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 755,243 |

Section B - Incurred Health Claims - Medicare

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|---|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 637,948 | 637,516 | 637,236 | 637,236 | 637,174 |
| 2. 2017..... | 638,668 | 642,962 | 641,750 | 641,750 | 641,573 |
| 3. 2018..... | XXX | 614,020 | 605,583 | 600,169 | 600,158 |
| 4. 2019..... | XXX | XXX | 724,154 | 706,278 | 705,690 |
| 5. 2020..... | XXX | XXX | XXX | 775,229 | 746,596 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 849,748 |

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

| Years in which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
|--|--------------------------|--------------------------|--|--------------------------------|---|--------------------------------|------------------------|--|---|---------------------------------|
| 1. 2017..... | 698,849 | 641,573 | 9,849 | 1.5 | 651,422 | 93.2 | | | 651,422 | 93.2 |
| 2. 2018..... | 674,021 | 600,158 | 12,511 | 2.1 | 612,670 | 90.9 | | | 612,670 | 90.9 |
| 3. 2019..... | 749,061 | 705,625 | 14,478 | 2.1 | 720,104 | 96.1 | 65 | 1 | 720,169 | 96.1 |
| 4. 2020..... | 810,797 | 731,587 | 12,916 | 1.8 | 744,503 | 91.8 | 15,009 | 167 | 759,679 | 93.7 |
| 5. 2021..... | 841,792 | 755,243 | 9,387 | 1.2 | 764,630 | 90.8 | 94,505 | 1,054 | 860,189 | 102.2 |

Pt 2C - Sn A - Paid Claims - XI
NONE

Pt 2C - Sn A - Paid Claims - OT
NONE

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

| Year in Which Losses Were Incurred | Cumulative Net Amounts Paid | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 1,704,527 | 1,703,728 | 1,703,181 | 1,703,181 | 1,702,934 |
| 2. 2017..... | 1,474,181 | 1,660,958 | 1,660,007 | 1,660,007 | 1,659,877 |
| 3. 2018..... | XXX | 1,156,907 | 1,262,141 | 1,264,513 | 1,264,383 |
| 4. 2019..... | XXX | XXX | 1,243,758 | 1,330,299 | 1,330,469 |
| 5. 2020..... | XXX | XXX | XXX | 1,194,608 | 1,296,246 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 1,311,965 |

Section B - Incurred Health Claims - Grand Total

| Year in Which Losses Were Incurred | Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year | | | | |
|------------------------------------|---|-----------|-----------|-----------|-----------|
| | 1 2017 | 2 2018 | 3 2019 | 4 2020 | 5 2021 |
| 1. Prior | 1,709,072 | 1,703,707 | 1,703,181 | 1,703,181 | 1,702,934 |
| 2. 2017..... | 1,655,137 | 1,662,535 | 1,660,323 | 1,660,323 | 1,659,877 |
| 3. 2018..... | XXX | 1,296,091 | 1,266,050 | 1,264,691 | 1,264,383 |
| 4. 2019..... | XXX | XXX | 1,369,499 | 1,332,015 | 1,331,289 |
| 5. 2020..... | XXX | XXX | XXX | 1,368,519 | 1,319,177 |
| 6. 2021..... | XXX | XXX | XXX | XXX | 1,487,016 |

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

| Years in which Premiums were Earned and Claims were Incurred | 1 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 (Col. 3/2) Percent | 5 Claim and Claim Adjustment Expense Payments (Col. 2+3) | 6 (Col. 5/1) Percent | 7 Claims Unpaid | 8 Unpaid Claims Adjustment Expenses | 9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8) | 10 (Col. 9/1) Percent |
|--|--------------------------|--------------------------|--|--------------------------------|---|--------------------------------|------------------------|--|---|---------------------------------|
| 1. 2017..... | 1,832,679 | 1,659,877 | 25,002 | 1.5 | 1,684,878 | 91.9 | 0 | 0 | 1,684,878 | 91.9 |
| 2. 2018..... | 1,469,788 | 1,264,383 | 25,374 | 2.0 | 1,289,757 | 87.8 | 0 | 0 | 1,289,757 | 87.8 |
| 3. 2019..... | 1,498,184 | 1,330,469 | 26,940 | 2.0 | 1,357,409 | 90.6 | 820 | 9 | 1,358,238 | 90.7 |
| 4. 2020..... | 1,511,186 | 1,296,246 | 23,279 | 1.8 | 1,319,525 | 87.3 | 22,931 | 256 | 1,342,712 | 88.9 |
| 5. 2021..... | 1,510,354 | 1,311,965 | 19,926 | 1.5 | 1,331,891 | 88.2 | 175,051 | 1,952 | 1,508,893 | 99.9 |

Pt 2C - Sn B - Incurred Claims - MS
NONE

Pt 2C - Sn B - Incurred Claims - DO
NONE

Pt 2C - Sn B - Incurred Claims - VO
NONE

Pt 2C - Sn B - Incurred Claims - XI
NONE

Pt 2C - Sn B - Incurred Claims - OT
NONE

Part 2C - Sn C - Claims Expense Ratio MS
NONE

Part 2C - Sn C - Claims Expense Ratio DO
NONE

Part 2C - Sn C - Claims Expense Ratio VO
NONE

Part 2C - Sn C - Claims Expense Ratio XI
NONE

Part 2C - Sn C - Claims Expense Ratio OT
NONE

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|------------|--|------------------------|-------------|-------------|--|-------------------------|-----------------------|-------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Unearned premium reserves..... | .0 | | | | | | | | |
| 2. Additional policy reserves (a)..... | 51,700,000 | 19,900,000 | | | | | 31,800,000 | | |
| 3. Reserve for future contingent benefits..... | .0 | | | | | | | | |
| 4. Reserve for rate credits or experience rating refunds (including \$ for investment income)..... | 3,689,204 | 291,782 | | | | | 3,397,422 | | |
| 5. Aggregate write-ins for other policy reserves | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 6. Totals (gross) | 55,389,204 | 20,191,782 | .0 | .0 | .0 | .0 | 35,197,422 | .0 | .0 |
| 7. Reinsurance ceded | .0 | | | | | | | | |
| 8. Totals (Net) (Page 3, Line 4) | 55,389,204 | 20,191,782 | 0 | 0 | 0 | 0 | 35,197,422 | 0 | 0 |
| 9. Present value of amounts not yet due on claims | .0 | | | | | | | | |
| 10. Reserve for future contingent benefits | .0 | | | | | | | | |
| 11. Aggregate write-ins for other claim reserves | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12. Totals (gross) | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 13. Reinsurance ceded | .0 | | | | | | | | |
| 14. Totals (Net) (Page 3, Line 7) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0501. | .0 | | | | | | | | |
| 0502. | .0 | | | | | | | | |
| 0503. | .0 | | | | | | | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1101. | .0 | | | | | | | | |
| 1102. | .0 | | | | | | | | |
| 1103. | .0 | | | | | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Includes \$51,700,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

| | Claim Adjustment Expenses | | 3 General Administrative Expenses | 4 Investment Expenses | 5 Total |
|---|--------------------------------------|--|--|-----------------------------|-------------|
| | 1 Cost Containment Expenses | 2 Other Claim Adjustment Expenses | | | |
| 1. Rent (\$for occupancy of own building) | 327,330 | 228,629 | 1,684,783 | | 2,240,742 |
| 2. Salaries, wages and other benefits | 9,034,951 | 3,952,813 | 47,237,088 | | 60,224,852 |
| 3. Commissions (less \$ceded plus \$assumed) | | | 18,237,696 | | 18,237,696 |
| 4. Legal fees and expenses | 10 | | 761,472 | | 761,482 |
| 5. Certifications and accreditation fees | | | | | 0 |
| 6. Auditing, actuarial and other consulting services | 252,339 | | 6,500,041 | | 6,752,380 |
| 7. Traveling expenses | 3,236 | 56 | 93,401 | | 96,693 |
| 8. Marketing and advertising | 27,580 | 600 | 6,388,401 | | 6,416,581 |
| 9. Postage, express and telephone | 54,420 | 214,161 | 2,248,569 | | 2,517,150 |
| 10. Printing and office supplies | | 283 | 7,038 | | 7,321 |
| 11. Occupancy, depreciation and amortization | 52,943 | 36,979 | 2,235,584 | | 2,325,506 |
| 12. Equipment | | | 203,548 | | 203,548 |
| 13. Cost or depreciation of EDP equipment and software | 1,068,920 | 746,605 | 10,465,304 | | 12,280,829 |
| 14. Outsourced services including EDP, claims, and other services | 3,672,561 | 2,215,615 | 16,498,047 | | 22,386,223 |
| 15. Boards, bureaus and association fees | | | 262,973 | | 262,973 |
| 16. Insurance, except on real estate | | | 218,373 | | 218,373 |
| 17. Collection and bank service charges | 40 | | 727,316 | | 727,356 |
| 18. Group service and administration fees | | | | | 0 |
| 19. Reimbursements by uninsured plans | | | | | 0 |
| 20. Reimbursements from fiscal intermediaries | | | | | 0 |
| 21. Real estate expenses | | | | | 0 |
| 22. Real estate taxes | | | 263,739 | | 263,739 |
| 23. Taxes, licenses and fees: | | | | | |
| 23.1 State and local insurance taxes | | | | | 0 |
| 23.2 State premium taxes | | | | | 0 |
| 23.3 Regulatory authority licenses and fees | 6,380 | 300 | 190,132 | | 196,812 |
| 23.4 Payroll taxes | 577,090 | 403,078 | 2,824,427 | | 3,804,595 |
| 23.5 Other (excluding federal income and real estate taxes) | | | 2,859,248 | | 2,859,248 |
| 24. Investment expenses not included elsewhere | | | | | 0 |
| 25. Aggregate write-ins for expenses | 35,373 | 3,843 | 6,656,438 | 0 | 6,695,654 |
| 26. Total expenses incurred (Lines 1 to 25) | 15,113,173 | 7,802,962 | 126,563,618 | 0 (a) | 149,479,753 |
| 27. Less expenses unpaid December 31, current year | | 2,216,622 | 43,212,251 | | 45,428,873 |
| 28. Add expenses unpaid December 31, prior year | 0 | 2,216,622 | 41,411,410 | 0 | 43,628,033 |
| 29. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 | 0 |
| 30. Amounts receivable relating to uninsured plans, current year | | | | | 0 |
| 31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) | 15,113,173 | 7,802,962 | 124,762,777 | 0 | 147,678,912 |
| DETAILS OF WRITE-INS | | | | | |
| 2501. Miscellaneous | 35,373 | 3,843 | 6,656,438 | | 6,695,654 |
| 2502. | | | | | 0 |
| 2503. | | | | | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above) | 35,373 | 3,843 | 6,656,438 | 0 | 6,695,654 |

(a) Includes management fees of \$7,524,529 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 | 2 |
|----------------------|---|--------------------------|-----------------------|
| | | Collected During Year | Earned During Year |
| 1. | U.S. Government bonds | (a).....468,710 |434,710 |
| 1.1 | Bonds exempt from U.S. tax | (a)..... | ..... |
| 1.2 | Other bonds (unaffiliated) | (a).....2,244,811 |2,047,975 |
| 1.3 | Bonds of affiliates | (a).....0 | ..... |
| 2.1 | Preferred stocks (unaffiliated) | (b).....0 | ..... |
| 2.11 | Preferred stocks of affiliates | (b).....0 | ..... |
| 2.2 | Common stocks (unaffiliated) |93,838 |93,838 |
| 2.21 | Common stocks of affiliates |0 | ..... |
| 3. | Mortgage loans | (c)..... | ..... |
| 4. | Real estate | (d).....105,006 |105,006 |
| 5. | Contract loans ..... | ..... | ..... |
| 6. | Cash, cash equivalents and short-term investments | (e).....13,911 |22,420 |
| 7. | Derivative instruments | (f)..... | ..... |
| 8. | Other invested assets ..... | ..... | ..... |
| 9. | Aggregate write-ins for investment income |115,760 |119,334 |
| 10. | Total gross investment income | 3,042,035 | 2,823,283 |
| 11. | Investment expenses | | (g)..... |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g)..... |
| 13. | Interest expense | | (h)..... |
| 14. | Depreciation on real estate and other invested assets | | (i).....147,734 |
| 15. | Aggregate write-ins for deductions from investment income | |0 |
| 16. | Total deductions (Lines 11 through 15) | |147,734 |
| 17. | Net investment income (Line 10 minus Line 16) | | 2,675,549 |
| DETAILS OF WRITE-INS | | | |
| 0901. | Deferred Compensation and Rabbi Trust |115,760 |119,334 |
| 0902. | ..... | ..... | ..... |
| 0903. | ..... | ..... | ..... |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page |0 |0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 115,760 | 119,334 |
| 1501. | ..... |  |  |
| 1502. | ..... |  |  |
| 1503. | ..... |  |  |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page | |0 |
| 1599. | Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) | | 0 |

(a) Includes \$92,315 accrual of discount less \$552,653 amortization of premium and less \$309,450 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$466 accrual of discount less \$20,353 amortization of premium and less \$20,759 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1 | 2 | 3 | 4 | 5 |
|----------------------|--|--|----------------------------------|--|--|--|
| | | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Columns 1 + 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. | U.S. Government bonds | (355,299) | | (355,299) | | |
| 1.1 | Bonds exempt from U.S. tax | | | 0 | | |
| 1.2 | Other bonds (unaffiliated) | (229,359) | | (229,359) | 1,037 | |
| 1.3 | Bonds of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.1 | Preferred stocks (unaffiliated) | 0 | 0 | 0 | 0 | 0 |
| 2.11 | Preferred stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.2 | Common stocks (unaffiliated) | 2,504,984 | 0 | 2,504,984 | (1,424,351) | 0 |
| 2.21 | Common stocks of affiliates | 0 | 0 | 0 | (42,707,174) | 0 |
| 3. | Mortgage loans | 0 | 0 | 0 | 0 | 0 |
| 4. | Real estate | 0 | 0 | 0 | | 0 |
| 5. | Contract loans | | | 0 | | |
| 6. | Cash, cash equivalents and short-term investments | (536) | | (536) | 0 | 0 |
| 7. | Derivative instruments | | | 0 | | |
| 8. | Other invested assets | 0 | 0 | 0 | 0 | 0 |
| 9. | Aggregate write-ins for capital gains (losses) | 1,079,165 | 0 | 1,079,165 | 228,899 | 0 |
| 10. | Total capital gains (losses) | 2,998,955 | 0 | 2,998,955 | (43,901,589) | 0 |
| DETAILS OF WRITE-INS | | | | | | |
| 0901. | Deferred Compensation and Rabbi Trust | | | 0 | 228,899 | |
| 0902. | Artisan Global Opps - Other Gain/Loss | 1,079,165 | | 1,079,165 | | |
| 0903. | ..... |  |  | 0 | | |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 1,079,165 | 0 | 1,079,165 | 228,899 | 0 |

EXHIBIT OF NONADMITTED ASSETS

| | 1 | 2 | 3 |
|--|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D)..... | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 0 | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 34,551 | 32,531 | (2,020) |
| 4.2 Properties held for the production of income..... | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)..... | 0 | 0 | 0 |
| 6. Contract loans | 0 | 0 | 0 |
| 7. Derivatives (Schedule DB)..... | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 9. Receivables for securities | 0 | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 34,551 | 32,531 | (2,020) |
| 13. Title plants (for Title insurers only)..... | 0 | 0 | 0 |
| 14. Investment income due and accrued | 0 | 0 | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 0 | 0 | 0 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | 0 | 0 | 0 |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | 0 | 0 | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 18.2 Net deferred tax asset..... | 0 | 0 | 0 |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software..... | 37,657,450 | 38,774,162 | 1,116,712 |
| 21. Furniture and equipment, including health care delivery assets..... | 12,786,785 | 7,474,358 | (5,312,428) |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 24. Health care and other amounts receivable..... | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 9,976,602 | 6,025,678 | (3,950,924) |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 60,455,387 | 52,306,727 | (8,148,660) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 | 0 |
| 28. Total (Lines 26 and 27) | 60,455,387 | 52,306,727 | (8,148,660) |
| DETAILS OF WRITE-INS | | | |
| 1101. | | 0 | 0 |
| 1102. | | 0 | 0 |
| 1103. | | 0 | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 |
| 2501. Prepaid Expense..... | 9,976,602 | 6,025,678 | (3,950,924) |
| 2502. | | 0 | 0 |
| 2503. | | 0 | 0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 9,976,602 | 6,025,678 | (3,950,924) |

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

| Source of Enrollment | Total Members at End of | | | | | 6 Current Year Member Months |
|--|-------------------------|--------------------|---------------------|--------------------|-------------------|------------------------------------|
| | 1 Prior Year | 2 First Quarter | 3 Second Quarter | 4 Third Quarter | 5 Current Year | |
| 1. Health Maintenance Organizations..... | 178,320 | 176,570 | 175,299 | 173,883 | 173,374 | 2,102,928 |
| 2. Provider Service Organizations..... | .0 | | | | | |
| 3. Preferred Provider Organizations..... | .0 | | | | | |
| 4. Point of Service..... | .0 | | | | | |
| 5. Indemnity Only..... | .0 | | | | | |
| 6. Aggregate write-ins for other lines of business..... | .0 | .0 | .0 | .0 | .0 | .0 |
| 7. Total | 178,320 | 176,570 | 175,299 | 173,883 | 173,374 | 2,102,928 |
| DETAILS OF WRITE-INS | | | | | | |
| 0601. | .0 | | | | | |
| 0602. | .0 | | | | | |
| 0603. | .0 | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) | 0 | 0 | 0 | 0 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices - The accompanying financial statements of Health Alliance Plan of Michigan (the Corporation) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS).

DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by DIFS.

A reconciliation of the Corporation’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

| | SSAP # | F/S Page | F/S Line # | 2021 | 2020 |
|---|--------|-------------|---------------|------------------------|----------------------|
| NET INCOME | | | | | |
| (1) HAP state basis (Page 4, Line 32, Columns 2 & 3) | XXX | XXX | XXX | (\$125,897,000) | \$71,305,000 |
| (2) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE | | | | | |
| (3) State Permitted Practices that increase/(decrease) NAIC SAP: NONE | | | | | |
| (4) NAIC SAP (1-2-3=4) | XXX | XXX | XXX | <u>(\$125,897,000)</u> | <u>\$71,305,000</u> |
| SURPLUS | | | | | |
| (5) HAP state basis (Page 3, Line 33, Columns 3 & 4) | XXX | XXX | XXX | \$188,366,000 | \$337,750,000 |
| (6) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE | | | | | |
| (7) State Permitted Practices that increase/(decrease) NAIC SAP: NONE | | | | | |
| (8) NAIC SAP (5-6-7=8) | XXX | XXX | XXX | <u>\$188,366,000</u> | <u>\$337,750,000</u> |

B. Use of Estimates in the Preparation of the Financial Statements - The preparation of financial statements in conformity with accounting practices prescribed or permitted by DIFS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory basis financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

C. Accounting Policy - Subscriptions revenue received in advance of the respective period of coverage is credited to income ratably over the period of coverage. Health policy claims consists of unpaid medical claims and other obligations resulting from the provision of health care services. It includes claims reported as of the balance sheet date and estimates, based on historical claims experience, for claims incurred but not reported.

The Corporation reports the value of its Flint office building at depreciated cost on Schedule A-Part 1.

In addition, the Corporation uses the following accounting policies:

- (1) Short-term investments are stated either at market value or at amortized cost based on the underlying security.
- (2) Bonds not backed by other loans - are stated at amortized cost or the lower of fair value or amortized cost based on the NAIC designation of the underlying security. The Corporation has not elected the systematic value measurement method approach for SVO-Identified securities.
- (3) Common stocks are carried at market except for investments in stocks of unconsolidated subsidiaries and affiliates in which the Corporation has an interest of 20% or more are carried on the equity basis.
- (4) Preferred Stocks - NOT APPLICABLE.
- (5) Mortgage Loans - NOT APPLICABLE.
- (6) Loan-Backed Securities - loan backed securities are stated at amortized cost or the lower of amortized cost or fair value based on the NAIC designation of the underlying security unless prescribed otherwise by the NAIC. The retrospective method is used to value all securities. Amortized cost is determined utilizing the scientific interest method.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

- (7) The Corporation's subsidiaries are included in the statements of admitted assets, liabilities, and capital and surplus based upon the audited statutory equity or the audited U.S. GAAP equity of the related subsidiary. The Corporation’s proportionate share of undistributed earnings is included in unrealized gains and losses. In accordance with SSAP No. 68, Business Combinations and Goodwill, the Corporation reports its investments in subsidiaries inclusive of goodwill. Goodwill in excess of 10% of the Corporation’s adjusted capital and surplus is non-admitted.
- (8) The Corporation has no investments in joint ventures, partnerships or limited liability companies.
- (9) The Corporation does not have any holdings in derivatives.
- (10) The Corporation anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
- (11) The Corporation's method of estimating liabilities for unpaid medical claims is based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Corporation has not modified its capitalization policy from the prior year.
- (13) The Corporation’s pharmaceutical rebate receivables are calculated by applying guaranteed rebate amounts per the contract with pharmacy benefit manager to actual pharmacy spent net of rebate payments received to date.

D. Going Concern

Management does not consider there to be any present conditions or events that would raise substantial doubt about the Corporation’s ability to continue as a going concern.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

During the current year’s financial statement preparation, the Corporation discovered an error in the application of SSAP No. 22R as it relates to the required accounting and reporting of the right-of-use (ROU) asset, corresponding lease liability and lease expense. The Corporation eliminated the ROU asset and lease liability in the first two years of the operating lease (2019 and 2020) but incorrectly reflected the deferred rent liability that resulted from the difference between straight-line expense recognition and actual cash outlay. Originally, a portion of the difference should have been recorded as an adjustment to Surplus upon adoption. The rent was recognized according to the GAAP methodology for the first two years of the lease instead of the SSAP straight-line method of the ultimate total cash outlay.

In the prior year, General and Administrative expense (Statement of Revenue and Expenses line 21) was understated by \$238,191, General Expenses Due and Accrued (Statement of Liabilities, Capital and Surplus line 9) was overstated by \$3,334,850 and Unassigned Funds (Surplus) (Statement of Liabilities, Capital and Surplus line 31) was understated by \$3,334,850. Line 21 on the Statement of Revenue and Expenses and line 9 on the Statement of Liabilities, Capital and Surplus have been adjusted in the current year to correct for this error.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

The Corporation acquired 100% ownership in Trusted Health Plan MI, Inc.(THPM) on September 13, 2019. THPM is a Michigan Medicaid HMO. Effective December 31, 2019, Trusted was merged into HAP Midwest Health Plan, Inc.

The Corporation initially acquired 67% ownership in Administration Systems Research Corporation (ASR) on June 17, 2011. ASR is a third-party administrator (TPA). In 2019 HAP reached an agreement with the 33% non-controlling interest (NCI) holder in ASR regarding the value of his interest that was tendered to ASR in 2016. The final agreed upon value of the 33% interest was paid to the NCI holder with the exception of \$828,000 which was paid in 2020.

The Corporation accounted for the acquisitions using the statutory-purchase method as defined in SSAP No. 68, Business Combinations and Goodwill and reflects the following:

| 1 Purchased entity | 2 Acquisition date | 3 Cost of acquired entity | 4 Original amount of goodwill | 5 Original amount of admitted goodwill |
|-----------------------|-----------------------|------------------------------|----------------------------------|---|
| Trusted Hlth Plan MI | 09/13/2019 | 22,500,000 | 17,654,000 | 17,654,000 |
| Admin Sys Res | 06/17/2011 | 11,800,000 | 10,942,000 | 10,942,000 |
| Total | xxx | 34,300,000 | 28,596,000 | 28,596,000 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---------------------------|---|
| 6 Admitted goodwill as of the reporting date | 7 Amount of goodwill amortized during the reporting period | 8 Book Value of SCA | 9 Admitted goodwill as a % of SCA BACV gross of admitted goodwill |
| 13,650,000 | 1,765,000 | 43,610,000 | 31.3% |
| | 613,000 | 13,263,000 | 0.0% |
| 13,650,000 | 2,378,000 | 56,873,000 | xxx |

- B. Statutory Merger – NOT APPLICABLE.
- C. Assumption Reinsurance - NOT APPLICABLE.
- D. Impairment Loss – NOT APPLICABLE.
- E. Subcomponents and Calculation of Adjusted Surplus and Total Admitted Goodwill

| | Calculation of Limitation Using Prior Quarter Numbers | Current Reporting Period |
|--|--|-----------------------------|
| (1) Capital and Surplus | 295,306,000 | XXX |
| Less: | | |
| (2) Admitted Positive Goodwill | 2,897,000 | XXX |
| (3) Admitted EDP Equipment & Operating System Software | 14,091,000 | XXX |
| (4) Admitted Net Deferred Taxes | | XXX |
| (5) Adjusted Capital and Surplus (Line 1-2-3-4) | 278,318,000 | XXX |
| (6) Limitation on amount of goodwill (adjusted capital and surplus times 10% goodwill limitation [Line 5*10%]) | 27,831,800 | XXX |
| (7) Current period reported Admitted Goodwill | XXX | 13,650,000 |
| (8) Current Period Admitted Goodwill as a % of prior period Adjusted Capital and Surplus (Line 7/Line 5) | XXX | 4.90% |

4. DISCONTINUED OPERATIONS

The Corporation has no discontinued operations to report.

5. INVESTMENTS

- A. Mortgage Loans, including Mezzanine Real Estate Loans - NOT APPLICABLE.
- B. Debt Restructuring - NOT APPLICABLE.
- C. Reverse Mortgages - NOT APPLICABLE.
- D. Loan-Backed Securities

(1) Sources used to determine prepayment assumptions:

Prepayment assumptions for loan-backed and asset backed securities are obtained from broker-dealer survey values or internal estimates. A change from the retrospective to the prospective method has not been made.

(2) - (3) Loan-backed securities with a recognized other-than-temporary impairment:

The Corporation has not deemed it necessary to recognize any other than temporary impairments in its earnings as a realized loss in relation to its loan-backed securities.

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NOTES TO FINANCIAL STATEMENTS

- (4) Loan-backed securities for which other-than-temporary impairment has not been recognized in earnings as a realized loss:
- a. The aggregate amount of unrealized losses:
1. Less than 12 months \$327,000.
2. 12 Months or longer \$ 32,000.
- b. The aggregate related fair value of securities with unrealized losses:
1. Less than 12 months \$ 19,801,000.
2. 12 Months or longer \$ 930,000.
- (5) In considering whether an investment is other-than-temporarily impaired, management considers its ability and intent to hold the investment, the severity of the decline in fair value and the duration of the impairment, among other factors. Management has determined that it has the ability and intent to hold indefinitely its investment in its loan-backed securities and that the severity and duration of any impairment is insufficient to indicate other-than-temporary impairment.

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions – NOT APPLICABLE
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowings – NOT APPLICABLE.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowings – NOT APPLICABLE.
- H. Repurchase Agreements Transactions Accounted for as a Sale – NOT APPLICABLE.
- I. Reverse Repurchase Agreements Transactions Accounted as a Sale – NOT APPLICABLE.
- J. Real Estate - the Corporation has not recognized an impairment loss on its investments in real estate and has not sold or classified real estate investments as held for sale.
- K. Low-Income Housing Tax Credits (LIHTC) - NOT APPLICABLE.

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|--|--|--|---|--|
| | Total Gross (Admitted & Nonadmitted) Restricted from Current Year | Total Gross (Admitted & Nonadmitted) Restricted from Prior Year | Increase/ (Decrease) (1 minus 2) | Total Current Year Nonadmitted Restricted | Total Current Year Admitted Restricted | Gross (Admitted & Nonadmitted) Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| Restricted Asset Category | | | | | | | |
| a. Subject to contractual obligation for which liability is not shown | | | | | | | |
| b. Collateral held under security lending agreements | | | | | | | |
| c. Subject to repurchase agreements | | | | | | | |
| d. Subject to reverse repurchase agreements | | | | | | | |
| e. Subject to dollar repurchase agreements | | | | | | | |
| f. Subject to dollar reverse repurchase agreements | | | | | | | |
| g. Placed under option contracts | | | | | | | |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | | | | | | | |
| i. FHLB capital stock | | | | | | | |
| j. On deposit with states | \$1,000,000 | \$1,000,000 | \$0 | | \$1,000,000 | 0.2% | 0.2% |
| k. On deposit with other regulatory bodies | | | | | | | |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | | | | | | | |
| m. Pledged as collateral not captured in other categories | | | | | | | |
| n. Other restricted assets | | | | | | | |
| o. Total Restricted Assets | \$1,000,000 | \$1,000,000 | \$0 | | \$1,000,000 | 0.2% | 0.2% |

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – NOT APPLICABLE

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

(3) Detail of Other Restricted Assets – NOT APPLICABLE.

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|--|---|--|
| Description of Assets | Total Gross (Admitted & Nonadmitted) Restricted from Current Year | Total Gross (Admitted & Nonadmitted) Restricted from Prior Year | Increase/ (Decrease) (1 minus 2) (1 minus 2) | Total Current Year Admitted Restricted | Gross (Admitted & Nonadmitted) Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| a. Stop Loss Out-of- Network Reserve | | | | | | |
| Total | \$0 | \$0 | \$0 | \$0 | | |

(4) Collateral Received and Reflected as Assets Within the Reporting Entity’s Financial Statements - NOT APPLICABLE

M. Working Capital Finance Investments – NOT APPLICABLE

N. Offsetting and Netting of Assets and Liabilities – NOT APPLICABLE

O. 5GI Securities – NOT APPLICABLE.

P. Short Sales – NOT APPLICABLE.

Q. Prepayment Penalties and Acceleration Fees

| | |
|---|-----------------|
| | General Account |
| (1) Number of CUSIPs | 15 |
| (2) Aggregate Amount of Investment Income | 79,000 |

R. Reporting Entity’s Share of the Cash Pool by Asset Type – NOT APPLICABLE.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Corporation has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Corporation did not recognize any impairment write down for investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. INVESTMENT INCOME

The Corporation has not excluded from surplus any investment income due and accrued.

8. DERIVATIVE INSTRUMENTS

The Corporation has no holdings in derivative instruments.

9. INCOME TAXES

The Corporation is an entity described under Internal Revenue Code Section 501(c) (4) and as such is exempt from federal income taxes. The Corporation does not have any material uncertain tax positions as of December 31, 2021, and 2020.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AFFILIATES AND OTHER RELATED PARTIES

- A. The Corporation has four wholly owned subsidiaries, HAP Preferred, Inc. (HPI), Alliance Health and Life Insurance Company (AHLIC), HAP Empowered Health Plan, Inc. (HEHP), and Administration Systems Research Corporation (ASR). The Corporation is a subsidiary of Henry Ford Health System (HFHS).
- B. The Corporation received subscription revenue from related parties totaling approximately \$-0- and \$5,446,000 in 2021 and 2020, respectively. The Corporation purchased healthcare and administrative services from related parties totaling approximately \$330,480,000 and \$290,452,000 in 2021 and 2020, respectively.

The Corporation has management agreements with HPI, AHLIC, HEHP and ASR. Under the terms of the agreement, the Corporation provides various administrative support and services. Services provided by the Corporation to AHLIC, HEHP, ASR and HPI totaled approximately \$104,440,000 and \$99,616,000 in 2021 and 2020, respectively. Included in the statement of admitted assets, liabilities and capital and surplus are receivables associated with healthcare services purchased from related parties totaling approximately \$-0- and \$15,000,000 in 2021 and 2020, respectively and approx. \$15,963,000 and \$13,753,000 in claims unpaid for the years ended December 31, 2021, and 2020, respectively.

C. Transactions with related parties who are not reported on Schedule Y – NOT APPLICABLE.

D. The Corporation has included in the balance sheet accounts the receivables and payables associated with subscription revenue received from related parties and health care services purchased from related parties. The Corporation has intercompany receivables of \$30,546,000 from HPI, AHLIC, HEHP, and ASR and intercompany payables of \$33,839,000 due to HPI, HFHS, AHLIC and HEHP. The terms of the settlement require that these amounts are settled within 15 days.

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NOTES TO FINANCIAL STATEMENTS

The receivable as of December 31, 2021, includes a Surplus note from the Parent of \$20,000,000 and the payable as of December 31, 2021, includes a capital contribution to AHLIC of \$15,000,000.

- E. The Corporation has management agreements with HPI, AHLIC, HEHP, and ASR in which it provides various administrative and support services. The Corporation also provides claims processing and premium billing and collection services for AHLIC.
- F. In connection with the Series 2016 bond issuance, the Henry Ford Health System amended and restated its 2006 Master Indenture. The Amended and Restated Master Indenture (the “2016 Master Indenture”) created the Henry Ford Health System Credit Group (the “Credit Group”). The Credit Group is comprised of the Henry Ford Health System Obligated Group (the “Obligated Group”), Henry Ford Health System Designated Affiliates (the “Designated Affiliates”), and Henry Ford Health System Limited Designated Affiliates (the “Limited Designated Affiliates”). Henry Ford Health System, Wyandotte, Macomb, and Allegiance Health are members of the Obligated Group.

The Corporation (excluding its subsidiaries HPI, Alliance Health and Life Insurance Company, HAP Empowered Health Plan, Trusted Health Plan Michigan, Inc., and Administration Systems Research Corporation) and the Henry Ford Health System Foundation are Designated Affiliates. There are currently no Limited Designated Affiliates. Under the new indenture, the Corporation as a Designated Affiliated, to the extent permitted by law, may be required to transfer amounts or upstream funds to a member of the Obligated Group as necessary to pay amounts owing under the 2016 Master Indenture. The language recognizes that the upstream of funds may be constrained by laws, which would include the statutory ability of DIFS to approve cash transfers from the Corporation to Henry Ford Health System.

- G. Common Ownership or Control - The Corporation and its subsidiaries and affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.
- H. Ownership in an Upstream Affiliate or Parent - NOT APPLICABLE.
- I. Investments in SCA Entities Exceeding 10% of Admitted Assets – NOT APPLICABLE.
- J. Investments in Impaired SCA Entities – NOT APPLICABLE.
- K. Investments in Foreign Insurance Subsidiaries - NOT APPLICABLE.
- L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE.
- M. All SCA Investments
- (1) Balance Sheet Value (Admitted and Non-admitted) All SCAs (Except 8bi Entities)

| SCA Entity | Percentage of SCA Ownership | Gross Amount | Admitted Amount | Nonadmitted Amount |
|---|-----------------------------|---------------------------|---------------------------|--------------------|
| a. SSAP No. 97 8a Entities NONE | | | | |
| Total SSAP No. 97 8a Entities | XXX | | | |
| b. SSAP No. 97 8b(ii) Entities NONE | | | | |
| Total. SSAP No. 97 8b(ii) Entities | XXX | | | |
| c. SSAP No. 97 8b(iii) Entities HAP Preferred, Inc. Administration Systems Research Corporation | 100.0 100.0 | \$3,209,000 13,049,000 | \$3,209,000 13,049,000 | |
| Total SSAP No. 97 8b(iii) Entities | XXX | \$16,258,000 | \$16,258,000 | \$0 |
| d. SSAP No. 97 8b(iv) Entities NONE | | | | |
| Total SSAP No. 97 8b(iv) Entities | XXX | | | |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) | XXX | \$16,258,000 | \$16,258,000 | \$0 |
| f. Aggregate Total (a + e) | XXX | \$16,258,000 | \$16,258,000 | \$0 |

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NOTES TO FINANCIAL STATEMENTS

(2) NAIC Filing Response Information

| SCA Entity | Type of NAIC Filing | Date of Filing to the NAIC | NAIC Valuation Amount | NAIC Response Received Y/N | NAIC Disallowed Entities Valuation Method Resubmission Required Y/N | Code** |
|--|---------------------|----------------------------|-----------------------|----------------------------|---|--------|
| a. SSAP No. 97 8a Entities NONE | | | | | | |
| Total SSAP No. 97 8a Entities | XXX | XXX | | XXX | XXX | XXX |
| b. SSAP No. 97 8b(ii) Entities NONE | | | | | | |
| Total. SSAP No. 97 8b(ii) Entities | XXX | XXX | | XXX | XXX | XXX |
| c. SSAP No. 97 8b(iii) Entities HAP Preferred, Inc. | S2 | 8/26/2021 | \$3,209,000 | Y | N | I |
| Administration Systems Research Corporation | S2 | 8/26/2021 | 13,049,000 | Y | N | I |
| Total SSAP No. 97 8b(iii) Entities | XXX | XXX | \$16,258,000 | XXX | XXX | XXX |
| d. SSAP No. 97 8b(iv) Entities NONE | | | | | | |
| Total SSAP No. 97 8b(iv) Entities | XXX | XXX | | XXX | XXX | XXX |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) | XXX | XXX | \$16,258,000 | XXX | XXX | XXX |
| f. Aggregate Total (a + e) | XXX | XXX | \$16,258,000 | XXX | XXX | XXX |

N. Investments in Insurance SCAs – NOT APPLICABLE.

O. SCA Loss Tracking – NOT APPLICABLE.

11. DEBT

NOT APPLICABLE.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS

A. The Corporation has a noncontributory defined-benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are based on years of service and final average earnings of each participating employee. The Corporation's funding policy is to fund an amount based on the recommendation of consulting actuaries that is in compliance with the requirements of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Effective December 31, 2011, the Corporation permanently froze the final average pay defined benefit formula for all non-represented participants. Effective January 1, 2012, the Corporation instituted a cash balance defined-benefit formula for all non-represented participants and also for participants represented by United Automobile Workers (UAW) Local Union 600 Office/Non-Exempt Bargaining hired on or after January 1, 2012, and for participants represented by UAW Local Union Sale and Labor participants hired on or after April 1, 2012.

Effective March 16, 2016, the cash balance benefit for those participants in the UAW Local 600 Union Office/Nonexempt Bargaining was frozen and no additional pay credits will be credited. HAP also maintains a “safe harbor” 401(k) plan that provides for up to 3.5% matching employer contribution, for those participants who defer at least 6% of their earnings to the plan. The HAP 401(k) plan also has a secondary account for certain bargaining unit groups that provides for an annual contribution (only) of 3% to 7% of eligible earnings.

Effective December 23, 2017, the cash balance freeze for non-represented active participants resulted in an immediate curtailment, recognition as of December 31, 2017, of the prior service credits that were established in years past for the non-represented employee population. There were no prior service cost/(credits) to recognize in conjunction with the similar cash balance freeze during 2017 for the represented cash balance participants.

Effective January 1, 2018, the Corporation instituted a defined contribution supplemental retirement savings account for each nonunion and union participant who were formerly eligible for the cash balance formula in the frozen pension plan as well as employees hired after December 31, 2017. The Corporation’s contribution to this plan is based on each participant’s age and years of service.

The Corporation also has a non-qualified Supplemental Executive Retirement Plan covering certain key executives.

The Corporation provides postretirement healthcare benefits to employees who meet minimum age and years of service requirements. Benefits to employees may require employee contributions or be provided in the form of a fixed dollar subsidy.

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NOTES TO FINANCIAL STATEMENTS

A summary of the changes in benefit obligations for the Pension and Other Postretirement Benefit Plans at, December 31, 2021, and 2020 are as follows (dollars in thousands):

(1) Change in benefit obligation

a. Pension Benefits

| | Overfunded | | Underfunded | |
|--|------------|------|-------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| 1. Benefit obligation at beginning of year | | | \$95,750 | \$83,952 |
| 2. Service cost | | | 1,364 | 1,205 |
| 3. Interest cost | | | 2,194 | 2,617 |
| 4. Contribution by plan participants | N/A | N/A | | |
| 5. Actuarial gain (loss) | | | (1,183) | 8,649 |
| 6. Foreign currency exchange rate changes | | | | |
| 7. Benefits and admin exp paid | | | (2,207) | (4,201) |
| 8. Plan amendments | | | | 13 |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits | | | (7,816) | 3,515 |
| 10. Benefit Obligation at end of year | | | \$88,102 | \$95,750 |

b. Postretirement Benefits

| | Overfunded | | Underfunded | |
|--|------------|------|-------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| 1. Benefit obligation at beginning of year | | | \$1,385 | \$1,481 |
| 2. Service cost | | | 32 | 35 |
| 3. Interest cost | | | 34 | 47 |
| 4. Contribution by plan participants | | | | |
| 5. Actuarial gain (loss) | N/A | N/A | (191) | (137) |
| 6. Foreign currency exchange rate changes | | | | |
| 7. Benefits paid | | | (1) | (56) |
| 8. Plan amendments | | | | |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits | | | | |
| Other | | | | 15 |
| 10. Benefit Obligation at end of year | | | \$1,259 | \$1,385 |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

c. Special or Contractual Benefits Per SSAP No. 11

| | Overfunded | | Underfunded | |
|--|------------|------|-------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| 1. Benefit obligation at beginning of year | | | | |
| 2. Service cost | | | | |
| 3. Interest cost | | | | |
| 4. Contribution by plan participants | | | | |
| 5. Actuarial gain (loss) | N/A | N/A | N/A | N/A |
| 6. Foreign currency exchange rate changes | | | | |
| 7. Benefits paid | | | | |
| 8. Plan amendments | | | | |
| 9. Business combinations, divestitures, curtailments, settlements and special termination benefits | | | | |
| 10. Benefit Obligation at end of year | | | | |

(2) Change in plan assets

| | Pension Benefits | | Postretirement Benefits | | Spec or Contract Bens per SSAP 11 | |
|---|------------------|----------|-------------------------|------|-----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| a. Fair Value of plan assets at beg of year | \$74,145 | \$63,827 | | | | |
| b. Actual return on plan assets | 7,280 | 7,912 | | | | |
| c. Foreign curr exchange rate changes | | | | | | |
| d. Reporting entity contribution | 2,599 | 2,464 | 1 | 56 | N/A | N/A |
| e. Plan participants' contributions | | | | | | |
| f. Benefits paid | (1,459) | (4,201) | (1) | (56) | | |
| g. Business combinations, divestitures, and settlements | (7,816) | 4,143 | | | | |
| Other | (748) | | | | | |
| h. Fair value of plan assets at end of year | \$74,001 | \$74,145 | \$0 | \$0 | | |

(3) Funded Status

| | Pension Benefits | | Postretirement Benefits | |
|--------------------------------------|------------------|----------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| a. Components: | | | | |
| 1. Prepaid benefit costs | N/A | N/A | N/A | N/A |
| 2. Overfunded plan assets | N/A | N/A | N/A | N/A |
| 3. Accrued benefit costs | \$88,102 | \$95,750 | \$1,259 | \$1,385 |
| 4. Liability for pension benefits | (74,001) | (74,145) | | |
| b. Assets and liabilities recognized | | | | |
| 1. Assets (nonadmitted) | N/A | N/A | N/A | N/A |
| 2. Liabilities recognized | 14,101 | 21,605 | 1,259 | 1,385 |
| c. Unrecognized liabilities | N/A | N/A | N/A | N/A |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

(4) Components of net periodic benefit cost

| | Pension Benefits | | Postretirement Benefits | | Special or Contractual Bens per SSAP 11 | |
|---|------------------|---------|-------------------------|--------|---|------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| a. Service cost | \$1,364 | \$1,205 | \$32 | \$35 | | |
| b. Interest cost | 2,194 | 2,617 | 34 | 47 | | |
| c. Expected return on plan assets | (4,490) | (3,947) | | | | |
| d. Transition asset or obligation | 194 | 193 | (14) | (14) | N/A | N/A |
| e. Gains and losses | 529 | 419 | | 42 | | |
| f. Prior service cost or credit | 3 | 2 | (154) | (154) | | |
| g. Gain or loss recognized due to a settlement or curtailment | 1,787 | | | | | |
| h. Total net periodic benefit cost | \$1,581 | \$489 | (\$102) | (\$44) | | |

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

| | Pension Benefits | | Postretirement Benefits | |
|--|------------------|----------|-------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| a. Items not yet recognized as a component of net periodic cost-prior year | \$26,986 | \$22,905 | (\$317) | (\$306) |
| b. Net trans asset or obligation recognized | (193) | (193) | 14 | 14 |
| c. Net prior service cost or credit arising during the period | | | | |
| d. Net prior service cost or credit recog | (1,790) | 11 | 154 | 154 |
| e. Net gains/loss arising during the period | (4,502) | 4,263 | (191) | (179) |
| f. Net gain and loss recognized | | | | |
| g. Items not yet recog as a component | \$20,501 | \$26,986 | (\$340) | (\$317) |

(6) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

| | Pension Benefits | | Postretirement Benefits | |
|---------------------------------------|------------------|-------|-------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| a. Net transition asset or obligation | \$193 | \$193 | (\$14) | (\$14) |
| b. Net prior service cost or credit | 3 | 3 | (154) | (154) |
| c. Net recognized gains and losses | 357 | 528 | | |

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

(7) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

For the Corporation's Pension Benefit Plan.

Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

| | 2021 | 2020 |
|---|-------|-------|
| a. Weighted-average discount rate | 2.40% | 3.25% |
| b. Expected long-term rate of return on plan assets | 6.30% | 6.30% |
| c. Rate of compensation increase | 1.50% | 1.50% |
| d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates) | | |

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

| | 2021 | 2020 |
|---|-------|-------|
| e. Weighted-average discount rate | 2.80% | 2.40% |
| f. Rate of compensation increase | 1.50% | 1.50% |
| g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates) | | |

For the Corporation's Post-Retirement Health Care Plan (HPM Plan).

Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

| | 2021 | 2020 |
|---|-------|-------|
| a. Weighted-average discount rate | 2.50% | 3.30% |
| b. Expected long-term rate of return on plan assets | N/A | N/A |
| c. Rate of compensation increase | N/A | N/A |
| d. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates) | N/A | N/A |

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

| | 2021 | 2020 |
|---|-------|-------|
| e. Weighted-average discount rate | 2.90% | 2.50% |
| f. Rate of compensation increase | N/A | N/A |
| g. Interest crediting rates (for cash balance plans and other plans with promised interest crediting rates) | N/A | N/A |

- (8) The amount of the accumulated benefit obligation for the defined benefit plan was \$86,808,000 for the current year and \$94,410,000 for the prior year.
- (9) The Corporation also provides postretirement health care benefits to employees who meet minimum age and years of service requirements. Benefits to eligible employees may require employee contributions or may be provided in the form of a fixed dollar subsidy.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

(10) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

| | Pension Benefits | Post- retirement Benefits | Annual Subsidy |
|----------------------------|---------------------|---------------------------------|-------------------|
| a. 2022 | \$9,206,000 | \$84,000 | |
| b. 2023 | 8,378,000 | 87,000 | |
| c. 2024 | 9,079,000 | 88,000 | |
| d. 2025 | 8,938,000 | 88,000 | |
| e. 2026 | 7,417,000 | 89,000 | |
| f. Years 2027 through 2031 | 24,971,000 | 420,000 | |

(11) The Corporation is expected to make a contribution to the Plan during 2022 in the amount of \$1,200,000.

The Corporation is expected to make a \$-0- contribution to the postretirement health care plans in 2022.

(12) There are no securities of the Corporation and related parties included in plan assets, no future benefits of plan participants are covered by insurance contracts issued by the Corporation or its related parties and there are no significant transactions between the Corporation or its related parties and the plan during the period other than those previously disclosed.

(13) Alternative methods used to amortize prior service amounts or net gains and losses – NOT APPLICABLE.

(14) Substantive commitments used as the basis for accounting for the benefit obligation – NOT APPLICABLE.

(15) The cost of providing special or contractual termination benefits recognized during the period – NOT APPLICABLE.

(16) Any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by SSAP No. 102, Pensions and SSAP No. 92, Postretirement Benefits Other Than Pensions - NOT APPLICABLE.

(17) The accumulated postretirement and pension benefit obligation as of December 31, 2021 is \$89,361,000. The fair value of HAP’s plan assets for defined postretirement and pension benefits is \$74,001,000. HAP’s postretirement benefit plans are currently in an underfunded status. The impact on HAP’s surplus necessary to reflect the full benefit obligation is \$15,360,000.

(18) The Corporation adopted SSAP Nos. 92 and 102 effective January 1, 2013, which allowed a transition option for phase-in not to exceed 10 years. The remaining transition balance for postretirement as of December 31, 2013, was \$0. The funded status of the Plan was fully recognized at December 31, 2021.

B. The Corporation invests the majority of the assets of the Plan in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. The percentage of the fair value of total plan assets held as of December 31, the measurement date, is shown below (amounts are in percentages).

| | 2021 | 2020 | Target |
|---------------------------|------|------|--------|
| Stock and stock funds | 52 | 56 | 55 |
| Bond and bond funds | 44 | 37 | 39 |
| Global asset allocation | 3 | 6 | 4 |
| Cash and cash equivalents | 1 | 1 | 2 |
| Total | 100 | 100 | |

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering both historical experience and the current economic environment. The expected returns of various asset categories are blended to derive one long-term assumption.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

C. Fair value of Plan Assets

(1) Fair Value Measurements of Plan Assets at Reporting Date

| <u>Description for each class of plan assets</u> | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | <u>Total</u> |
|--|------------------|------------------|------------------|--------------|
| Cash equivalents | 654 | | | 654 |
| Debt securities: | | | | |
| Asset-backed securities | | | | 0 |
| Corporate debt securities | | | | 0 |
| Government and agency debt securities | | | | 0 |
| Non-agency mortgage-backed securities | | | | 0 |
| Other debt securities | | | | 0 |
| Equity securities: | | | | |
| Collective funds-asset allocation | | | | 0 |
| Collective funds-common stock | 6,345 | | | 6,345 |
| Collective funds-debt securities | 6,506 | | | 6,506 |
| Investments measured at NAV | | | | 83,081 |
| Total Plan Assets | 13,505 | 0 | 0 | 96,586 |

(2) The estimated fair values of plan assets are based on values obtained from independent pricing services using quoted market prices from published sources and appropriate valuation methodologies.

D. Basis Used to Determine the Overall Expected Long-Term Rate-of-Return-on-Assets Assumption

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering historical experience, current economic environment, and forecasted risk/reward assumptions. The expected returns of various asset categories are blended to derive one long-term assumption.

E. Defined Contribution Plan

The Corporation maintains a 401(k) plan for eligible employees of the Corporation. The plan is a defined contribution plan and all employees become eligible to participate after completion of age and service requirements. Under the Plan, a participant may annually contribute an amount not to exceed the contribution limits established by the Internal Revenue Code.

The Corporation enhanced the 401(k)-matching contribution as a result of the changes to the defined benefit pension plan. The Corporation, at its discretion, can make a matching contribution equal to 100% of the first 1% and 50% of the next 5% of the employee’s elective deferral (3.5% maximum match). The expense was approximately \$2,473,000 and \$2,329,000 in 2021 and 2020 respectively.

The Corporation maintains a defined contribution supplemental retirement savings account for each non-union and union participant. The contribution to the plan is based on each participant’s age and years of service. The expense was approximately \$1,797,000 and \$1,800,000 in 2021 and 2020 respectively.

F. Multi-employer Plans - NOT APPLICABLE.

G. Consolidated/Holding Company Plans - NOT APPLICABLE.

H. Postemployment Benefits and Compensated Absences – NOT APPLICABLE.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - NOT APPLICABLE.

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS.

A. Capital Stock - NOT APPLICABLE.

B. Preferred Stock - NOT APPLICABLE.

C. Dividend Restrictions – the maximum amount of dividends that may be paid by the Corporation without approval from the Department of Insurance and Financial Services is limited to the greater of 10% of capital and surplus or net income for the previous year.

D. The Corporation has not paid a dividend in 2021.

E. Dividend Restrictions Based on Profits – Within the limitations of (3) above, there are no restrictions placed on the amount of profits that may be paid out as ordinary dividends.

F. Restrictions on Unassigned Funds (Surplus) - NOT APPLICABLE.

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- G. Advances to Surplus Not Repaid - NOT APPLICABLE.
- H. Stock Held for Special Purposes - NOT APPLICABLE.
- I. Changes in balances of special surplus funds from the prior year – NOT APPLICABLE.
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses are (\$12,429,000).
- K. Surplus Notes

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------|-------------|---------------|-------------------------------|--|----------------------------------|---------------------------------|--------------------------------------|
| Item Number | Date Issued | Interest Rate | Original Issue Amount of Note | Is Surplus Note Holder a Related Party (Y/N) | Carrying Value of Note Prior Yr. | Carrying Value of Note Curr Yr. | Unapproved Interest and/or Principal |
| 0001 | 17-Feb-22 | 4.00% | \$20,000,000 | Y | \$0 | \$20,000,000 | \$0 |
| Total | XXX | XXX | \$20,000,000 | XXX | \$0 | \$20,000,000 | \$0 |

| 1 | 9 | 10 | 11 | 12 | 13 | 14 |
|-------------|-------------------------------------|--|--|------------------------|-----------------------------|------------------|
| Item Number | Curr Yr Interest Expense Recognized | Life-to-Date Interest Expense Recognized | Current Year Interest Offset Percentage (not including amounts paid to a 3rd party liquidity provider) | Curr Yr Principal Paid | Life-to-Date Principal Paid | Date of Maturity |
| 0001 | \$0 | \$0 | \$0 | \$0 | \$0 | N/A |
| Total | \$0 | \$0 | XXX | \$0 | \$0 | XXX |

| 1 | 15 | 16 | 17 | 18 | 19 |
|-------------|---|--|--|---------------------------------------|---------------------------------------|
| Item Number | Are Surplus Note Payments Contractually Linked? (Y/N) | Surplus Note Payments Subject to Administrative Offsetting Provisions? (Y/N) | Were Surplus Note Proceeds Used to Purchase an Asset Directly from the Holder of the Surplus Note? (Y/N) | Is Asset Issuer a Related Party (Y/N) | Type of Assets Received Upon Issuance |
| 0001 | N | N | N | NA | Cash |
| Total | XXX | XXX | XXX | XXX | XXX |

| 1 | 20 | 21 | 22 |
|-------------|---|--|---|
| Item Number | Principal Amount of Assets Received Upon Issuance | Book/Adjusted Carrying Value of Assets | Is Liquidity Source a Related Party to the Surplus Note Issuer? (Y/N) |
| 0001 | \$20,000,000 | \$20,000,000 | Y |
| Total | \$20,000,000 | \$20,000,000 | XXX |

The surplus note in the amount of \$20 million, listed as item 0001 in the above table, was issued to Henry Ford Health System, the Corporation’s Parent, in exchange for cash.

The surplus note has the following repayment conditions and restrictions: Payment of interest and principal, if any, shall be paid annually from earned surplus. Repayment of such amounts will be subject to the approval of the

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan
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Board of Directors of the Corporation and prior written approval by the State of Michigan's Department of Insurance and Financial Services. If the Corporation does not pay interest in any year, the interest shall be noncumulative and will neither be paid nor accrued for future payment. The surplus note does not have a stated maturity or repayment date. Notwithstanding any other provision of this surplus note, the Corporation shall not be required to make any payment required under the surplus note if the Corporation's risk-based capital level is less than 300% of the authorized control level risk-based capital.

The surplus note has the following subordination terms: The payment of principal and interest is expressly subordinated to claims of creditors and members of the Corporation and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority.

The liquidation preferences to the insurer's shareholders are as follows: If the Corporation is dissolved and there are insufficient assets to pay in full the principal amount of and interest on all outstanding surplus notes, then the Corporation shall pay on the surplus notes pro rata on the basis of the outstanding principal amount of each surplus note and the interest accrued thereon. Regardless of the issuance date of this surplus note or any other surplus note of the Corporation, the surplus notes shall be of equal rank with any other surplus or series of surplus notes.

L. Impact of a Restatement Due to a Quasi-Reorganization - NOT APPLICABLE.

M. The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years - NOT APPLICABLE.

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

The Corporation has no commitments or contingent commitments to Subsidiaries, Controlled or Affiliated entities to report.

B. Assessments

Under the Michigan Insurance Provider Assessment Act, the Corporation incurs an assessment based on certain membership. The Corporation bears the ultimate responsibility of the assessment and therefore, records the tax under the gross method. The taxes collected and paid are recorded in premium revenues and general and administrative expense, respectively. A liability is reflected in general expenses due or accrued in the amount of \$1,430,000 as of December 31, 2021.

The Corporation is not a member of the Michigan Life and Health Insurance Guaranty Association and as such has not incurred any assessments from insolvencies of entities that wrote long-term care contracts.

C. Gain Contingencies - NOT APPLICABLE.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits - NOT APPLICABLE.

E. Joint and Several Liabilities – NOT APPLICABLE.

F. All Other Contingencies – The Corporation is also party to other lawsuits incident to its operations and Management believes that the ultimate outcome of these other contingencies will not have a material effect on the accompanying financial statements.

Risk Adjustment Data Validation Audits ("RADV audits"). CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Corporation collects claims and encounter data from providers, who the Corporation generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted by the Corporation and member demographic information.

CMS performs RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. In February 2012, CMS published its final RADV audit and payment adjustment methodology for Medicare Advantage RADV audits. CMS began applying the final methodology for audits of the 2011 payment year forward.

The Corporation was selected for CMS RADV audits related to its Medicare Advantage program for payment years 2012, 2014 and 2015 and for its ACA program for 2018, 2019 and 2020. All requested information related to the 2012, 2014 and 2015 payment years for the CMS RADV audits have been submitted. The Corporation has not received any information from CMS subsequent to the initial data submission for the CMS RADV for payment years 2012, 2014 and 2015. Payment years 2016 and subsequent remain open for Medicare Advantage for selection of CMS RADV audits.

The Corporation cannot reasonably estimate the range of loss, if any, that may result from any material government investigations, audits, and reviews in which it is currently involved given the inherent difficulty in predicting regulatory action, fines and penalties, if any, and the various remedies and levels of judicial review available to the Corporation in the event of an adverse finding.

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COVID-19—The level of economic impact from COVID-19 on insurers has been unprecedented. The U.S. entered 2021 with newly available vaccines, which appeared to signal the transition from pandemic to endemic. This transition, however, did not occur, which has resulted in significant ongoing utilization of testing, vaccinations, outpatient treatment and hospitalizations, at significant costs. The Corporation is privileged to be taking care of its members at a time when they need us the most, but this care comes at a cost. The Corporation's 2021 financial results were negatively impacted by costs associated with the testing and treatment of COVID-19, as well as costs for care that was postponed in 2020 due to the pandemic.

The Corporation is financially secure and has the added support of parent company Henry Ford Health System who remains committed to the long-term success and capital requirements of its health plan.

Experience has indicated that it is hard to predict how the pandemic will play out. Several times the health care industry thought the pandemic might be moving to an endemic state, only to see a surge in cases caused by a new variant. Insurers, including the Corporation, set premium prices nearly a year in advance of their effective date and once approved by the Department of Insurance and Financial Services they cannot be adjusted. Additional federal mandates to cover certain costs, along with costs associated with care provided that are above trends assumed in the rate setting process, can have a negative impact on financial results. The Corporation's management continues to evaluate its approach to the pandemic, and is going on the assumption that COVID's impact to claims in 2022 will be similar to its 2021 impact. This approach dictated that we set aside a premium deficiency reserve in 2021 for each of our insured entities.

At December 31, 2021 and December 31, 2020, the Corporation had admitted assets of \$17,674,000 and \$12,202,000, respectively, in Uncollected Premiums. The Corporation routinely assesses the collectability of these receivables. Based upon the Corporation's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Corporation's financial condition. As a plan sponsor, the Corporation has a net receivable in the amount of \$6,099,000 from CMS related to Medicare Part D prescription drug insurance coverage. The Corporation receives subsidy amounts for reinsurance and for cost sharing related to low-income individuals. The Corporation has no receivables for retrospectively rated contracts.

15. LEASES

A. Lessee Operating Lease

(1)

- a. The Corporation leases office facilities and equipment under various operating lease agreements that are renewable at the option of the Corporation. Rental expense for 2021 and 2020 was approximately \$2,821,000 and \$2,669,000, respectively.
- b. Certain rental commitments have renewal options extending through the year 2024.

(2) At January 1, 2022, the minimum aggregate rental commitments are as follows:

Year Ending December 31:

| | |
|-----------------|----------------------|
| 1. 2022 | \$2,739,000 |
| 2. 2023 | 2,633,000 |
| 3. 2024 | 2,518,000 |
| 4. 2025 | 2,539,000 |
| 5. 2026 | 2,606,000 |
| Later years | <u>23,450,000</u> |
| Total min pmts. | <u>\$ 36,485,000</u> |

The total rental expense for all operating leases, except those with terms of a month or less amounted to \$2,821,000 and \$2,669,000 for the years ended December 31, 2021, and 2020, respectively. A portion of the annual rent expense is allocated to affiliated subsidiaries each year.

(3) Material Sales - Leaseback Transactions - NOT APPLICABLE.

B. Lessor Leases - NOT APPLICABLE.

C. Leveraged Leases - NOT APPLICABLE.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Corporation has no holdings in derivative financial instruments.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. Transfers of Receivables Reported as Sales - NOT APPLICABLE.

B. Transfer and Servicing of Financial Assets - NOT APPLICABLE.

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C. Wash Sales - NOT APPLICABLE.

18. GAIN OR LOSS TO THE ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A. ASO Plans - NOT APPLICABLE.

B. ASC Plans - NOT APPLICABLE.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

(1) Revenue from the Corporation's Medicare Part D cost-based reimbursement portion of its CMS contract consisted of \$29,949,000 and \$26,301,000 for the reinsurance subsidy and \$7,834,000 and \$7,155,000 for the low-income cost sharing subsidy for the years 2021 and 2020, respectively.

(2) As of December 31, 2021, and 2020, respectively, the Corporation had recorded receivables from the following payors whose balances are greater than 10% of the Corporation's amounts receivable from uninsured accident and health plans or \$10,000:

| | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| Centers for Medicare and Medicaid Services (CMS) | \$6,099,000 | \$380,000 |

(3) Allowances and Reserves for Adjustment of Recorded Revenues - NOT APPLICABLE.

(4) The Corporation has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

NOT APPLICABLE.

20. FAIR VALUE MEASUREMENT

A.

(1) Fair Value Measurements at Reporting Date

| Description | (Level 1) | (Level 2) | (Level 3) | (NAV) | Total |
|----------------------------|---------------|--------------|-----------|-------|---------------|
| a. Assets at Fair Value | | | | | |
| Bonds: | | | | | |
| Industrial and Misc. | | | | | 0 |
| Total Bonds | 0 | 0 | 0 | 0 | 0 |
| Equity Securities: | | | | | |
| Industrial and Misc. | | 9,572,000 | | | 9,572,000 |
| Other Equity Securities | 2,462,000 | 16,000 | | | 2,478,000 |
| Total Common Stocks | 2,462,000 | 9,588,000 | 0 | 0 | 12,050,000 |
| Cash Equivalents: | | | | | |
| U.S. Government Funds | 193,996,000 | 1,747,000 | | | 195,743,000 |
| Total Cash Equivalents | 193,996,000 | 1,747,000 | 0 | 0 | 195,743,000 |
| Total Assets at Fair Value | \$196,458,000 | \$11,335,000 | \$0 | \$0 | \$207,793,000 |

(2) The Corporation's policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer. The Corporation had no transfers between levels.

(3) The Corporation has no fair value measurements categorized within Level 3 of the fair value hierarchy.

(4) The fair value measurements categorized within Level 2 of the fair value hierarchy reported by the Corporation are obtained primarily from independent pricing services using quoted market prices from published sources. Mortgage-backed securities are submitted to the NAIC's Securities Valuation Office for valuation.

(5) Derivative assets and liabilities – NOT APPLICABLE.

B. Fair value information and information about other similar measurements disclosed under other accounting pronouncements combined with disclosures under SSAP No. 100, Fair Value Measurements - NOT APPLICABLE.

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C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets/ Liabilities | (Level 1) | (Level 2) | (Level 3) | Net Asset Value (NAV) | Not Practicable Carrying Value |
|------------------------------|----------------------|------------------------------|-------------|------------|-----------|-----------------------|--------------------------------|
| Cash Equivalents | 195,743,000 | 195,743,000 | 193,996,000 | 1,747,000 | | | |
| Bonds | 80,747,000 | 80,483,000 | | 80,747,000 | | | |
| Common Stock | 12,050,000 | 12,050,000 | 2,462,000 | 9,588,000 | | | |

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable - NOT APPLICABLE.

E. Investments Measured Using Net Asset Value – NOT APPLICABLE.

21. OTHER ITEMS

A. Unusual or Infrequent Items – NOT APPLICABLE.

B. Troubled Debt Restructuring - NOT APPLICABLE.

C. Other Disclosures

Statutory Reserve: As a condition of licensure with the State of Michigan, the Corporation maintains a deposit of \$1,000,000 in a segregated account. These funds can only be used by the Corporation at the direction of the Insurance Commissioner of the State of Michigan. These funds are invested in a money market fund (stated at fair value). Interest on these funds accrues to the Corporation.

D. Business Interruption Insurance Recoveries - NOT APPLICABLE.

E. State Transferable Tax Credits - NOT APPLICABLE.

F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE.

G. Retained Assets – NOT APPLICABLE.

H. Insurance-Linked Securities – NOT APPLICABLE.

22. EVENTS SUBSEQUENT

Type I – Recognized Subsequent Events

On February 22, 2022, the Corporation received \$20M from its parent Henry Ford Health System under the provisions of an executed Surplus Note. DIFS approved the retroactive application of the transaction per SSAP 72 and the Corporation has recorded the Surplus Note in its Annual Statement on line 29 of the Statement of Liabilities, Capital and Surplus with a corresponding amount on line 23 of the Statement of Assets. The approval allows the Corporation to recognize the receivable as an admitted asset as of December 31, 2021.

In addition, the Corporation also recorded an additional contribution of paid in capital to its subsidiary, AHLIC, on February 22, 2022. DIFS approved the retroactive application of the transaction per SSAP 72 and the Corporation has recorded the additional paid in capital contribution in its Annual Statement on line 2.2 in the Statement of Assets with a corresponding amount on line 15 in the Statement of Liabilities, Capital and Surplus.

Type II – Non-recognized Subsequent Events

Subsequent events have been considered through February 28, 2022, for the Annual Statutory Statement issued on March 1, 2022.

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1)

Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Corporation or by any representative, officer, trustee or director of the Corporation?
Yes () No (X)
- (2)

Have any policies issued by the Corporation been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (X)

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Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the Corporation have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X)
- (2) Does the Corporation have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Corporation may consider the current or anticipated experience of the business reinsured in making this estimate. \$ None
- (2) Have any new arrangements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Corporation as of the effective date of the agreement? Yes () No (X)

B. Uncollectible Reinsurance - NOT APPLICABLE.

C. Commutation of Ceded Reinsurance - NOT APPLICABLE.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – NOT APPLICABLE.

E. Reinsurance Credit

The Corporation has a reinsurance agreement with Zurich American Insurance Company that is subject to Appendix A-791, Life and Health Reinsurance Agreements of the Accounting Practices and Procedures Manual. The agreement has provisions which limits Zurich's assumption of significant risks as identified in A-791. The Corporation has only one such contract with Zurich and deposit accounting is not applied for the contract.

The agreement with Zurich provides for Company retentions and limits in respect to its commercial and Medicare lines of business. A reinsurance loss report is required to be submitted within 30 days following the end of each month and Zurich shall pay the Corporation any amounts due within 30 days after receipt of the report and supporting proofs of loss. Claims incurred exceeding 50% of the Corporation's retention and extra-contractual claims are to be promptly reported to Zurich.

The Corporation has no contracts nor has ceded any risk not subject to A-791. The Corporation's contract with Zurich is treated the same for both GAAP and Statutory purposes.

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

- A. The Corporation estimates accrued retrospective premium adjustments related to its Medicare Advantage health insurance contracts. An estimated risk sharing receivable or payable for the CMS risk corridor provision is recognized based on activity-to-date and is accumulated at the contract level and recorded as aggregate policy reserves. Costs for prescription drugs are expensed as incurred.
- B. The Corporation records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Corporation at December 31, 2021 that are subject to retrospective rating or redetermination features was \$1,510,354,000 million that represented 100.0% of total net premiums written for the Corporation. No other net premiums written by the Corporation are subject to retrospective rating features.

The amount of net premiums written by the Corporation at December 31, 2021 that are subject to medical loss ratio rebate requirements pursuant to the Public Health Service Act was \$1,510,354,000 or 100.0% of total net written premium.

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D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

| | 1 | 2 | 3 | 4 | 5 |
|---|------------|----------------------------|----------------------------|--|-----------|
| | Individual | Small Group Employer | Large Group Employer | Other Categories with Rebates | Total |
| Prior Reporting Year | | | | | |
| (1) Medical loss ratio rebates incurred | | (405,000) | | | (405,000) |
| (2) Medical loss ratio rebates paid | | 712,000 | | | 712,000 |
| (3) Medical loss ratio rebates unpaid | | | | | 0 |
| (4) Plus reinsurance assumed amounts | XXX | XXX | XXX | XXX | |
| (5) Less reinsurance ceded amounts | XXX | XXX | XXX | XXX | |
| (6) Rebates unpaid net of reinsurance | XXX | XXX | XXX | XXX | 0 |
| | | | | | |
| Current Reporting Year-to-Date | | | | | |
| (7) Medical loss ratio rebates incurred | | | | | 0 |
| (8) Medical loss ratio rebates paid | | 0 | | | 0 |
| (9) Medical loss ratio rebates unpaid | | 0 | | | 0 |
| (10) Plus reinsurance assumed amounts | XXX | XXX | XXX | XXX | |
| (11) Less reinsurance ceded amounts | XXX | XXX | XXX | XXX | |
| (12) Rebates unpaid net of reinsurance | XXX | XXX | XXX | XXX | 0 |

E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? YES

(2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

a. Permanent ACA Risk Adjustment Program

Assets

1. Premium adjustments receivable due to ACA Risk Adjustment \$ None.
(including high-risk pool payments)

Liabilities

2. Risk adjustment user fees payable for ACA Risk Adjustment \$ None.
3. Premium adjustments payable due to ACA Risk Adjustment \$ 1,546,000
(including high-risk pool premium)

Operations (Revenue and Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment \$ (2,344,000)
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid). \$ None.

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance \$ None.
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability) \$ None.
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance \$ None

Liabilities

4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium \$ None.
5. Ceded reinsurance premiums payable due to ACA Reinsurance \$ None.
6. Liabilities for amounts held under uninsured plans contributions for ACA reinsurance \$ None

Operations (Revenue and Expense)

7. Ceded reinsurance premiums due to ACA Reinsurance \$ None.
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected \$ None.
9. ACA Reinsurance contributions – not reported as ceded premium \$ None.

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- c. Temporary ACA Risk Corridors Program
- Assets
1. Accrued retrospective premium due to ACA Risk Corridors \$ None
- Liabilities
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors \$ None.
- Operations (Revenue and Expense)
3. Effect of ACA Risk Corridors on net premium income (paid/received) \$ None.
4. Effect of ACA Risk Corridors on change in reserves for rate credits \$ None.

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any non-admission) and liability balances, along with the reasons for adjustments to prior year balance.

| Accr During the Prior Yr on Bus Written Before Dec 31 of the Prior Year | | Rec'd or Paid as of the Curr Yr on Business Written Before Dec 31 of the Prior Yr | | Differences | | Adjustments | | Ref | Unsettled Bals as of Reporting Date | |
|---|-----------|---|-----------|---|---|---------------------|---------------------|-----------|--|--|
| | | | | Prior Year Accr Less Payments (Col 1-3) | Prior Year Accr Less Payments (Col 2-4) | To Pr Year Balances | To Pr Year Balances | | Cumulative Bal from Pr Years (Col 1-3+7) | Cumulative Bal from Pr Years (Col 2-4+8) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | 9 | 10 |
| Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | Receivable | (Payable) | | Receivable | (Payable) |
| a. Permanent ACA Risk Adjustment Program | | | | | | | | | | |
| 1. Premium adjustment receivable (including high-risk pool payments) | | | | 0 | | | | A | 0 | |
| 2. Premium adjustments (payable) (including high-risk pool premium) | 251,000 | | 1,049,000 | | (798,000) | | 2,344,000 | B | 0 | 1,546,000 |
| 3. Subtotal ACA Permanent Risk Adjustment program | 0 | 251,000 | 0 | 1,049,000 | 0 | (798,000) | 0 | 2,344,000 | 0 | 1,546,000 |
| b. Transitional ACA Reinsurance Program | | | | | | | | | | |
| 1. Amounts recoverable for claims paid | | | | 0 | | | | C | 0 | |
| 2. Amounts recoverable for claims unpaid (contra liability) | | | | | 0 | | | D | | 0 |
| 3. Amounts receivable relating to uninsured plans | | | | | | | | E | | |
| 4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium | | | | | 0 | | | F | | 0 |
| 5. Ceded reinsurance premiums payable | | | | | 0 | | | G | | 0 |
| 6. Liability for amounts hold under uninsured plans | | | | | | | | H | | |
| 7. Subtotal ACA Transitional Reinsurance Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| c. Temporary ACA Risk Corridors Program | | | | | | | | | | |
| 1. Accrued retrospective premium | | | | 0 | | | | I | 0 | |
| 2. Reserve for rate credits or policy experience rating refunds | | | | | 0 | | | J | | 0 |
| 3. Subtotal ACA Risk Corridors Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| d. Total for ACA Risk Sharing Provisions | 0 | 251,000 | 0 | 1,049,000 | 0 | (798,000) | 0 | 2,344,000 | 0 | 1,546,000 |

- Explanations of Adjustments
- A. None.
- B. Balance adjusted to amount settled with CMS.
- C. None.
- D. None.
- E. None.
- F. None.
- G. None.
- H. None.
- I. None.
- J. None.

(4) Roll-forward of Risk Corridors Asset and Liability Balances by Program Benefit Year – NOT APPLICABLE.

(5) ACA Risk Corridors Receivable as of Reporting Date – NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Activity in the liability for claims unpaid at December 31, 2021 and 2020 is summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------------|---------------------------|---------------------------|
| Balance - January 1 | 149,748,000 | 127,112,000 |
| Incurred related to: | | |
| Current year | 1,485,280,000 | 1,340,760,000 |
| Prior year | <u>(54,180,000)</u> | <u>(42,154,000)</u> |
| Total incurred | <u>1,431,100,000</u> | <u>1,298,606,000</u> |
| Paid related to: | | |
| Current year | 1,311,841,000 | 1,194,608,000 |
| Prior year | <u>88,580,000</u> | <u>81,362,000</u> |
| Total paid | <u>1,400,421,000</u> | <u>1,275,970,000</u> |
| Balance - December 31 | <u><u>180,427,000</u></u> | <u><u>149,748,000</u></u> |

Claims and claims adjustment expense reserves as of December 31, 2020 were \$149,748,000. As of December 31, 2021, \$90,635,000 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Claims and claims adjustment expense reserves remaining for prior years are now \$7,151,000. Changes in actuarial estimates of reserves attributable to insured events of prior years reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

The Corporation has not made any material changes in its methodologies and assumptions used in calculating the liabilities for unpaid claims and claims adjustment expenses.

26. INTERCOMPANY POOLING ARRANGEMENTS - NOT APPLICABLE.

27. STRUCTURED SETTLEMENTS - NOT APPLICABLE.

28. HEALTH CARE RECEIVABLES

A. Pharmaceutical Rebate Receivables (dollars in thousands)

Pharmaceutical rebate receivables are calculated by applying guaranteed rebate amounts per the contract with pharmacy benefit manager to actual pharmacy spent net of rebate payments received to date.

Pharmaceutical Rebate Receivables (000 omitted)

| Quarter | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Invoiced/ Confirmed | Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation | Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation | Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation |
|------------|---|--|--|---|--|
| 12/31/2021 | 22,066 | | | | |
| 09/30/2021 | 20,752 | 21,571 | 21,751 | | |
| 06/30/2021 | 20,084 | 22,946 | 22,946 | | |
| 03/31/2021 | 17,751 | 21,567 | 21,567 | | |
| 12/31/2020 | 17,607 | 17,134 | 17,134 | | |
| 09/30/2020 | 18,145 | 18,004 | 17,789 | 215 | |
| 06/30/2020 | 13,446 | 13,890 | 13,804 | 86 | |
| 03/31/2020 | 15,378 | 16,949 | 16,920 | 29 | |
| 12/31/2019 | 11,214 | 11,099 | 11,099 | | |
| 09/30/2019 | 10,014 | 11,917 | 11,917 | 1,103 | |
| 06/30/2019 | 8,130 | 11,904 | 11,904 | | |
| 03/31/2019 | 5,650 | 12,007 | 12,007 | | |

B. Risk Sharing Receivables – NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan
NOTES TO FINANCIAL STATEMENTS

29. PARTICIPATING POLICIES

NOT APPLICABLE.

30. PREMIUM DEFICIENCY RESERVES

- 1. Liability carried for premium deficiency reserves \$51,700,000.
- 2. Date of the most recent evaluation of this liability as of 12/31/2021.
- 3. Was anticipated investment income utilized in the calculation? Yes.

31. ANTICIPATED SALVAGE AND SUBROGATION

NOT APPLICABLE.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- If yes, complete Schedule Y, Parts 1, 1A, 2 and 3.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []
- 1.3

State Regulating? Michigan.....
- 1.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes [] No [X]
- 1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2018
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2018
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....04/07/2020
- 3.4

By what department or departments? The Michigan Department of Insurance and Financial Services.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [] No [X]

4.12 renewals? Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [] No [X]

4.22 renewals? Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

If yes, complete and file the merger history data file with the NAIC.
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
| | | |
| | | |

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control0.0 %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |
| | |
| | |

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a depository institution holding company (DIHC) or a DIHC itself, regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the DIHC.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1 | 2 | 3 | 4 | 5 | 6 |
|----------------|---------------------------|-----|-----|------|-----|
| Affiliate Name | Location (City, State) | FRB | OCC | FDIC | SEC |
| | | | | | |

8.5 Is the reporting entity a depository institution holding company with significant insurance operations as defined by the Board of Governors of Federal Reserve System or a subsidiary of the reporting entity? Yes [] No [X]

8.6 If response to 8.5 is no, is the reporting entity a company or subsidiary of a company that has otherwise been made subject to the Federal Reserve Board's capital rule? Yes [] No [X] N/A []

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte and Touche LLP Suite 3900 200 Renaissance Center Detroit Michigan 48243.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Andrew Timcheck, Milliman, 15800 Bluemound Road, Suite 100, Brookfield, WI 53005.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

N/A.....

.....0

\$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
Not applicable.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1 American Bankers Association (ABA) Routing Number | 2 Issuing or Confirming Bank Name | 3 Circumstances That Can Trigger the Letter of Credit | 4 Amount |
|--|--|--|-----------------|
| | | | |
| | | | |
| | | | |

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....20,000,000
- 24.1 Does the insurer utilize third parties to pay agent commissions in which the amounts advanced by the third parties are not settled in full within 90 days?
- Yes [] No [X]
- 24.2 If the response to 24.1 is yes, identify the third-party that pays the agents and whether they are a related party.

| 1 Name of Third-Party | 2 Is the Third-Party Agent a Related Party (Yes/No) |
|--------------------------|--|
| | |

INVESTMENT

- 25.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 25.03)
- Yes [X] No []

GENERAL INTERROGATORIES

25.02 If no, give full and complete information, relating thereto

25.03 For securities lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
Not applicable.....

25.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk-Based Capital Instructions. \$.....0

25.05 For the reporting entity's securities lending program, report amount of collateral for other programs. \$.....0

25.06 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]

25.07 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]

25.08 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]

25.09 For the reporting entity's securities lending program, state the amount of the following as of December 31 of the current year:

25.091 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0

25.092 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0

25.093 Total payable for securities lending reported on the liability page \$.....0

26.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 24.1 and 25.03). Yes [X] No []

26.2 If yes, state the amount thereof at December 31 of the current year:

26.21 Subject to repurchase agreements \$.....

26.22 Subject to reverse repurchase agreements \$.....

26.23 Subject to dollar repurchase agreements \$.....

26.24 Subject to reverse dollar repurchase agreements \$.....

26.25 Placed under option agreements \$.....

26.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock \$.....

26.27 FHLB Capital Stock \$.....

26.28 On deposit with states \$.....1,000,000

26.29 On deposit with other regulatory bodies \$.....

26.30 Pledged as collateral – excluding collateral pledged to an FHLB \$.....

26.31 Pledged as collateral to FHLB – including assets backing funding agreements \$.....

26.32 Other \$.....

26.3 For category (26.26) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| Not applicable..... | | |

27.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

27.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

LINES 27.3 through 27.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

27.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [] No [X]

27.4 If the response to 27.3 is YES, does the reporting entity utilize:

27.41 Special accounting provision of SSAP No. 108 Yes [] No [X]

27.42 Permitted accounting practice Yes [] No [X]

27.43 Other accounting guidance Yes [] No [X]

27.5 By responding YES to 27.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No []

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

28.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

28.2 If yes, state the amount thereof at December 31 of the current year. \$.....

29. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

29.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

| 1 Name of Custodian(s) | 2 Custodian's Address |
|---------------------------------|--------------------------|
| Comerica Bank NA..... | Detroit, Michigan..... |
| The Northern Trust Company..... | Chicago, Illinois..... |
| | |

GENERAL INTERROGATORIES

29.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

| 1 Name(s) | 2 Location(s) | 3 Complete Explanation(s) |
|---------------------|------------------|------------------------------|
| Not applicable..... | | |

29.03 Have there been any changes, including name changes, in the custodian(s) identified in 29.01 during the current year? Yes [] No [☒]

29.04 If yes, give full and complete information relating thereto:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

29.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [“...that have access to the investment accounts”; “...handle securities”]

| 1 Name of Firm or Individual | 2 Affiliation |
|--|------------------|
| Income Research and Management..... | U..... |
| J.P. Morgan Investment Management Inc..... | U..... |
| Garcia Hamilton & Associates..... | U..... |
| Blackrock Advisors LLC..... | U..... |
| The Dreyfus Corporation..... | U..... |
| Goldman Sachs Asset Management LP..... | U..... |
| Artisan Partners Limited Partnership..... | U..... |
| The Northern Trust Company..... | U..... |
| Comerica Bank, NA..... | U..... |
| Comerica Securities, Inc..... | U..... |
| Robin Damschroder..... | A..... |
| Gordon Salm..... | I..... |
| Pamela Schmidt..... | A..... |
| Kelly English..... | A..... |
| Derek Kellam..... | A..... |
| Leslie Hardy..... | A..... |
| Rita Humbach..... | A..... |
| Robert Porter..... | A..... |
| New England Pension Consultants..... | U..... |
| Vanguard..... | U..... |
| Ben McGuire..... | A..... |

29.0597 For those firms/individuals listed in the table for Question 29.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s invested assets? Yes [☒] No []

29.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 29.05, does the total assets under management aggregate to more than 50% of the reporting entity’s invested assets? Yes [☒] No []

29.06 For those firms or individuals listed in the table for 29.05 with an affiliation code of “A” (affiliated) or “U” (unaffiliated), provide the information for the table below.

| 1 Central Registration Depository Number | 2 Name of Firm or Individual | 3 Legal Entity Identifier (LEI) | 4 Registered With | 5 Investment Management Agreement (IMA) Filed |
|--|--|---------------------------------------|----------------------|---|
| 104863..... | Income Research and Management..... | Not Applicable..... | | NO..... |
| 107038..... | J.P. Morgan Investment Management Inc..... | 549300Q7485FUJKEMM46..... | SEC..... | NO..... |
| 106614..... | Blackrock Advisors LLC..... | WMQVRQ7LCLEDFWERG149..... | SEC..... | NO..... |
| 108017..... | Garcia Hamilton and Associates, L.P..... | 2549004MW20AB6054P40..... | SEC..... | DS..... |
| 80170101..... | Artisan Partners Limited Partnership..... | H441S2FJ0USVWTYA1B25..... | SEC..... | NO..... |
| 105642..... | The Dreyfus Corporation..... | 54930067A504FBYASH16..... | SEC..... | NO..... |
| 107738..... | Goldman Sachs Asset Management LP..... | CF5M58QA35CFPUX70H17..... | SEC..... | NO..... |
| N/A..... | The Northern Trust Company..... | | | NO..... |
| N/A..... | Comerica Bank, NA..... | 70WY01D1N53Q4254VH70..... | FDIC..... | NO..... |
| 17079..... | Comerica Securities, Inc..... | | SEC..... | NO..... |
| N/A..... | Robin Damschroder..... | Not Applicable..... | Not Applicable..... | |
| N/A..... | Gordon Salm..... | Not Applicable..... | Not Applicable..... | |
| N/A..... | Pamela Schmidt..... | Not Applicable..... | Not Applicable..... | |
| N/A..... | Kelly English..... | Not Applicable..... | Not Applicable..... | |
| N/A..... | Derek Kellam..... | Not Applicable..... | Not Applicable..... | |
| N/A..... | Leslie Hardy..... | Not Applicable..... | Not Applicable..... | |

GENERAL INTERROGATORIES

| 1 Central Registration Depository Number | 2 Name of Firm or Individual | 3 Legal Entity Identifier (LEI) | 4 Registered With | 5 Investment Management Agreement (IMA) Filed |
|--|---|---------------------------------------|----------------------|---|
| N/A..... | Rita Humbach..... | Not Applicable..... | Not Applicable..... | |
| N/A..... | Robert Porter..... | Not Aplicable..... | Not Aplicable..... | |
| N/A..... | New England Pension Consultants..... | Not Applicable..... | Not Applicable..... | |
| 105958..... | Vanguard..... | 78WHRHOLF802AJ0B221..... | SEC..... | NO..... |
| N/A..... | Ben McGuire..... | Not Applicable..... | Not Applicable..... | |

30.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?Yes [X] No []

30.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|--------------------------|--|-----------------------------------|
| 30.2001 922042-75-9..... | VANGUARD TOTAL WORLD STOCK INDEX FUND..... | 3,118,957..... |
| 30.2002 04314H-78-2..... | ARTISAN GLOBAL OPPS..... | 6,452,548..... |
| 30.2003 | | |
| 30.2004 | | |
| 30.2999 TOTAL | | 9,571,505..... |

30.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|--|--|---|------------------------|
| VANGUARD TOTAL WORLD STOCK INDEX FUND..... | APPLE INC..... | 107,292..... | 12/31/2021..... |
| VANGUARD TOTAL WORLD STOCK INDEX FUND..... | MICROSOFT CORP..... | 99,183..... | 12/31/2021..... |
| VANGUARD TOTAL WORLD STOCK INDEX FUND..... | AMAZON.COM INC..... | 56,765..... | 12/31/2021..... |
| VANGUARD TOTAL WORLD STOCK INDEX FUND..... | ALPHABET INC..... | 33,685..... | 12/31/2021..... |
| VANGUARD TOTAL WORLD STOCK INDEX FUND..... | TESLA INC..... | 33,373..... | 12/31/2021..... |
| ARTISAN GLOBAL OPPS..... | ADVANCED MICRO DEVICES INC..... | 371,021..... | 12/31/2021..... |
| ARTISAN GLOBAL OPPS..... | TECHTRONIC INDUSTRIES CO LTD..... | 346,502..... | 12/31/2021..... |
| ARTISAN GLOBAL OPPS..... | LONZA GROUP AG..... | 252,940..... | 12/31/2021..... |
| ARTISAN GLOBAL OPPS..... | DANAHER CORP..... | 234,227..... | 12/31/2021..... |
| ARTISAN GLOBAL OPPS..... | VEEVA SYSTEMS INC..... | 232,292..... | 12/31/2021..... |

GENERAL INTERROGATORIES

31. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | 1 | 2 | 3 |
|----------------------------|-------------------------------|------------|--|
| | Statement (Admitted) Value | Fair Value | Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
| 31.1 Bonds..... | 80,482,645 | 80,746,938 | 264,292 |
| 31.2 Preferred Stocks..... | 0 | | 0 |
| 31.3 Totals | 80,482,645 | 80,746,938 | 264,292 |

31.4 Describe the sources or methods utilized in determining the fair values:

Fair values are based on quoted market prices where available obtained primarily from a third-party pricing service which generally uses Level 1 or Level 2 inputs for the determination of fair value.....

32.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

32.2 If the answer to 32.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

32.3 If the answer to 32.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

33.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

33.2 If no, list exceptions:

34. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a.Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b.Issuer or obligor is current on all contracted interest and principal payments.
- c.The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities?

Yes [] No [X]

35. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [] No [X]

36. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [] No [X]

37. By rolling/renewing short-term or cash equivalent investments with continued reporting on Schedule DA, Part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying to the following:

- a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
- b. If the investment is with a nonrelated party or nonaffiliated then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
- c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
- d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 37.a -37.c are reported as long-term investments.

Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria?

Yes [] No [] NA [X]

GENERAL INTERROGATORIES

OTHER

- 38.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$878,104
- 38.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations, and statistical or rating bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|---|------------------|
| Alliance of Community Health Plans..... | \$.....275,000 |

- 39.1 Amount of payments for legal expenses, if any? \$1,381,536
- 39.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|---------------------|------------------|
| Not applicable..... | \$..... |

- 40.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers, or departments of government, if any? \$
- 40.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers, or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|---------------------|------------------|
| Not applicable..... | \$..... |

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

| | | 1 | | 2 |
|-----|-------------------------|-----------------------|----|--------------------|
| | | Current Year | | Prior Year |
| 2.1 | Premium Numerator | \$1,510,354,122 | \$ |1,510,780,496 |
| 2.2 | Premium Denominator | \$1,510,354,121 | \$ |1,510,780,496 |
| 2.3 | Premium Ratio (2.1/2.2) |1.000 | |1.000 |
| 2.4 | Reserve Numerator | \$254,190,391 | \$ |178,138,360 |
| 2.5 | Reserve Denominator | \$254,190,391 | \$ |178,138,360 |
| 2.6 | Reserve Ratio (2.4/2.5) |1.000 | |1.000 |

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$1,100,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Please see Attachment D.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....19,100

8.2 Number of providers at end of reporting year

.....19,705

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

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ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Health Alliance Plan of Michigan

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

| | | |
|--------------|---|-------------------|
| 10.2 If yes: | 10.21 Maximum amount payable bonuses | \$.....18,373,966 |
| | 10.22 Amount actually paid for year bonuses | \$.....12,842,594 |
| | 10.23 Maximum amount payable withholds | \$.....677,156 |
| | 10.24 Amount actually paid for year withholds | \$.....5,324,015 |

| | | | | |
|------|--|---|------------|-----------|
| 11.1 | Is the reporting entity organized as: | 11.12 A Medical Group/Staff Model, | Yes [] | No [X] |
| | | 11.13 An Individual Practice Association (IPA), or, | Yes [] | No [X] |
| | | 11.14 A Mixed Model (combination of above) ? | Yes [] | No [X] |
| 11.2 | Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? | | Yes [X] | No [] |

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Michigan.....

11.4 If yes, show the amount required. \$.....141,609,404

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]

11.6 If the amount is calculated, show the calculation

The amount reported is the greater of 4% of premiums or 200% of the authorized control level risk based capital

12. List service areas in which reporting entity is licensed to operate:

[illegible]

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

[illegible]

- | | | | |
|------|--|----------------------------------|--|
| 13.1 | Do you act as a custodian for health savings accounts? | Yes [<input type="checkbox"/>] | No [<input type="checkbox"/> X] |
| 13.2 | If yes, please provide the amount of custodial funds held as of the reporting date. | \$..... | |
| 13.3 | Do you act as an administrator for health savings accounts? | Yes [<input type="checkbox"/>] | No [<input type="checkbox"/> X] |
| 13.4 | If yes, please provide the balance of the funds administered as of the reporting date. | \$..... | |
| 14.1 | Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? | Yes [<input type="checkbox"/>] | No [<input type="checkbox"/> N/A [<input type="checkbox"/> X] |
| 14.2 | If the answer to 14.1 is yes, please provide the following: | | |

| 1 | 2 | 3 | 4 | Assets Supporting Reserve Credit | | |
|--------------|-------------------------|-----------------------------|----------------|----------------------------------|---------------------|-------|
| | | | | 5 | 6 | 7 |
| Company Name | NAIC Company Code | Domiciliary Jurisdiction | Reserve Credit | Letters of Credit | Trust Agreements | Other |
| | | | | | | |

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).
- | | |
|------------------------------|---------|
| 15.1 Direct Premium Written | \$..... |
| 15.2 Total Incurred Claims | \$..... |
| 15.3 Number of Covered Lives | ..... |

| |
|---|
| *Ordinary Life Insurance Includes |
| Term (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without secondary guarantee) |
| Universal Life (with or without secondary guarantee) |
| Variable Universal Life (with or without secondary guarantee) |

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [] No [X]
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No [X]

FIVE - YEAR HISTORICAL DATA

| | 1 2021 | 2 2020 | 3 2019 | 4 2018 | 5 2017 |
|--|---------------|---------------|---------------|---------------|---------------|
| Balance Sheet (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 28) | 557,769,106 | 615,184,170 | 494,436,223 | 515,796,618 | 562,182,389 |
| 2. Total liabilities (Page 3, Line 24) | 369,402,916 | 277,434,567 | 215,666,549 | 261,086,026 | 332,913,333 |
| 3. Statutory minimum capital and surplus requirement | 141,609,404 | 129,103,600 | 121,647,288 | 122,277,360 | 149,504,292 |
| 4. Total capital and surplus (Page 3, Line 33) | 188,366,189 | 337,749,603 | 278,769,674 | 254,710,592 | 229,269,056 |
| Income Statement (Page 4) | | | | | |
| 5. Total revenues (Line 8) | 1,510,354,121 | 1,511,185,534 | 1,495,668,282 | 1,468,005,510 | 1,827,546,662 |
| 6. Total medical and hospital expenses (Line 18) | 1,441,592,163 | 1,308,374,990 | 1,332,226,317 | 1,298,593,510 | 1,641,321,598 |
| 7. Claims adjustment expenses (Line 20) | 22,916,135 | 23,269,779 | 27,583,295 | 25,761,868 | 24,327,118 |
| 8. Total administrative expenses (Line 21) | 126,563,618 | 129,135,954 | 129,998,807 | 154,166,762 | 157,965,339 |
| 9. Net underwriting gain (loss) (Line 24) | (132,417,795) | 50,404,811 | 5,859,862 | (10,516,629) | 3,932,607 |
| 10. Net investment gain (loss) (Line 27) | 5,674,505 | 20,140,144 | 19,686,263 | 13,496,790 | 4,534,359 |
| 11. Total other income (Lines 28 plus 29) | 845,946 | 759,927 | 556,436 | 530,477 | 275,718 |
| 12. Net income or (loss) (Line 32) | (125,897,344) | 71,304,881 | 26,102,562 | 3,510,638 | 8,742,684 |
| Cash Flow (Page 6) | | | | | |
| 13. Net cash from operations (Line 11)..... | (46,685,129) | 130,763,598 | 17,029,976 | 901,362 | 43,765,205 |
| Risk-Based Capital Analysis | | | | | |
| 14. Total adjusted capital..... | 188,366,189 | 337,749,603 | 278,769,674 | 254,710,592 | 229,269,056 |
| 15. Authorized control level risk-based capital..... | 70,804,702 | 64,543,412 | 60,823,644 | 61,138,680 | 74,752,146 |
| Enrollment (Exhibit 1) | | | | | |
| 16. Total members at end of period (Column 5, Line 7) | 173,374 | 178,320 | 179,383 | 180,860 | 257,944 |
| 17. Total members months (Column 6, Line 7) | 2,102,928 | 2,154,477 | 2,171,249 | 2,235,950 | 3,198,571 |
| Operating Percentage (Page 4) | | | | | |
| (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0 | | | | | |
| 18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) | 95.4 | 86.6 | 89.1 | 88.5 | 89.8 |
| 20. Cost containment expenses | 1.0 | 1.0 | 1.2 | 1.3 | 0.9 |
| 21. Other claims adjustment expenses | 0.5 | 0.5 | 0.6 | 0.5 | 0.4 |
| 22. Total underwriting deductions (Line 23) | 108.8 | 96.7 | 99.6 | 100.7 | 99.8 |
| 23. Total underwriting gain (loss) (Line 24) | (8.8) | 3.3 | 0.4 | (0.7) | 0.2 |
| Unpaid Claims Analysis | | | | | |
| (U&I Exhibit, Part 2B) | | | | | |
| 24. Total claims incurred for prior years (Line 13, Col. 5) | 123,945,895 | 90,805,723 | 116,263,597 | 187,533,411 | 156,308,008 |
| 25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)] | 141,397,334 | 116,543,505 | 131,048,257 | 175,340,171 | 143,934,521 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) | 101,210,725 | 128,917,204 | 132,065,663 | 99,688,835 | 93,362,190 |
| 29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 30. Affiliated mortgage loans on real estate | | 0 | 0 | 0 | 0 |
| 31. All other affiliated | 0 | 0 | 0 | 0 | 0 |
| 32. Total of above Lines 26 to 31..... | 101,210,725 | 128,917,204 | 132,065,663 | 99,688,835 | 93,362,190 |
| 33. Total investment in parent included in Lines 26 to 31 above | | | | | |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3 - *Accounting Changes and Correction of Errors*?.....Yes [] No []

If no, please explain

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

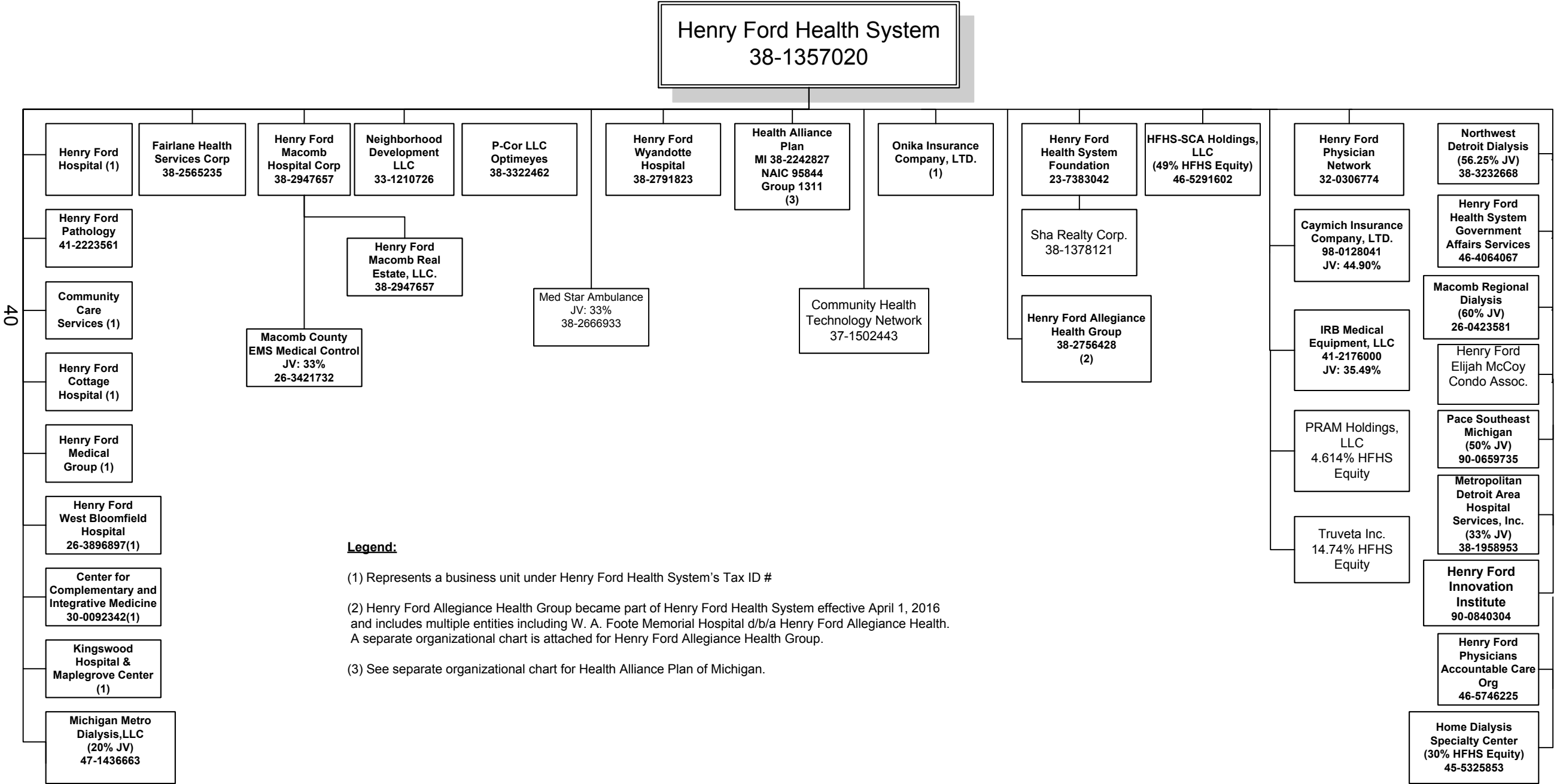
Allocated by States and Territories

| | | | 1 | Direct Business Only | | | | | | | | |
|----------------------|---|-----|-------------------|----------------------------|----------------------|--------------------|----------------|---|--|-----------------------------|---------------------------|------------------------|
| | | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| State, Etc. | | | Active Status (a) | Accident & Health Premiums | Medicare Title XVIII | Medicaid Title XIX | CHIP Title XXI | Federal Employees Health Benefits Plan Premiums | Life & Annuity Premiums & Other Considerations | Property/ Casualty Premiums | Total Columns 2 Through 8 | Deposit-Type Contracts |
| 1. | Alabama | AL | N | | | | | | | | 0 | 0 |
| 2. | Alaska | AK | N | | | | | | | | 0 | 0 |
| 3. | Arizona | AZ | N | | | | | | | | 0 | 0 |
| 4. | Arkansas | AR | N | | | | | | | | 0 | 0 |
| 5. | California | CA | N | | | | | | | | 0 | 0 |
| 6. | Colorado | CO | N | | | | | | | | 0 | 0 |
| 7. | Connecticut | CT | N | | | | | | | | 0 | 0 |
| 8. | Delaware | DE | N | | | | | | | | 0 | 0 |
| 9. | District of Columbia | DC | N | | | | | | | | 0 | 0 |
| 10. | Florida | FL | N | | | | | | | | 0 | 0 |
| 11. | Georgia | GA | N | | | | | | | | 0 | 0 |
| 12. | Hawaii | HI | N | | | | | | | | 0 | 0 |
| 13. | Idaho | ID | N | | | | | | | | 0 | 0 |
| 14. | Illinois | IL | N | | | | | | | | 0 | 0 |
| 15. | Indiana | IN | N | | | | | | | | 0 | 0 |
| 16. | Iowa | IA | N | | | | | | | | 0 | 0 |
| 17. | Kansas | KS | N | | | | | | | | 0 | 0 |
| 18. | Kentucky | KY | N | | | | | | | | 0 | 0 |
| 19. | Louisiana | LA | N | | | | | | | | 0 | 0 |
| 20. | Maine | ME | N | | | | | | | | 0 | 0 |
| 21. | Maryland | MD | N | | | | | | | | 0 | 0 |
| 22. | Massachusetts | MA | N | | | | | | | | 0 | 0 |
| 23. | Michigan | MI | L | 569,547,097 | 842,029,222 | | | 99,912,708 | | | 1,511,489,028 | 0 |
| 24. | Minnesota | MN | N | | | | | | | | 0 | 0 |
| 25. | Mississippi | MS | N | | | | | | | | 0 | 0 |
| 26. | Missouri | MO | N | | | | | | | | 0 | 0 |
| 27. | Montana | MT | N | | | | | | | | 0 | 0 |
| 28. | Nebraska | NE | N | | | | | | | | 0 | 0 |
| 29. | Nevada | NV | N | | | | | | | | 0 | 0 |
| 30. | New Hampshire | NH | N | | | | | | | | 0 | 0 |
| 31. | New Jersey | NJ | N | | | | | | | | 0 | 0 |
| 32. | New Mexico | NM | N | | | | | | | | 0 | 0 |
| 33. | New York | NY | N | | | | | | | | 0 | 0 |
| 34. | North Carolina | NC | N | | | | | | | | 0 | 0 |
| 35. | North Dakota | ND | N | | | | | | | | 0 | 0 |
| 36. | Ohio | OH | N | | | | | | | | 0 | 0 |
| 37. | Oklahoma | OK | N | | | | | | | | 0 | 0 |
| 38. | Oregon | OR | N | | | | | | | | 0 | 0 |
| 39. | Pennsylvania | PA | N | | | | | | | | 0 | 0 |
| 40. | Rhode Island | RI | N | | | | | | | | 0 | 0 |
| 41. | South Carolina | SC | N | | | | | | | | 0 | 0 |
| 42. | South Dakota | SD | N | | | | | | | | 0 | 0 |
| 43. | Tennessee | TN | N | | | | | | | | 0 | 0 |
| 44. | Texas | TX | N | | | | | | | | 0 | 0 |
| 45. | Utah | UT | N | | | | | | | | 0 | 0 |
| 46. | Vermont | VT | N | | | | | | | | 0 | 0 |
| 47. | Virginia | VA | N | | | | | | | | 0 | 0 |
| 48. | Washington | WA | N | | | | | | | | 0 | 0 |
| 49. | West Virginia | WV | N | | | | | | | | 0 | 0 |
| 50. | Wisconsin | WI | N | | | | | | | | 0 | 0 |
| 51. | Wyoming | WY | N | | | | | | | | 0 | 0 |
| 52. | American Samoa | AS | N | | | | | | | | 0 | 0 |
| 53. | Guam | GU | N | | | | | | | | 0 | 0 |
| 54. | Puerto Rico | PR | N | | | | | | | | 0 | 0 |
| 55. | U.S. Virgin Islands | VI | N | | | | | | | | 0 | 0 |
| 56. | Northern Mariana Islands | MP | N | | | | | | | | 0 | 0 |
| 57. | Canada | CAN | N | | | | | | | | 0 | 0 |
| 58. | Aggregate other alien | OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. | Subtotal | | XXX | 569,547,097 | 842,029,222 | 0 | 0 | 99,912,708 | 0 | 0 | 1,511,489,028 | 0 |
| 60. | Reporting entity contributions for Employee Benefit Plans | | XXX | | | | | | | | 0 | |
| 61. | Total (Direct Business) | | XXX | 569,547,097 | 842,029,222 | 0 | 0 | 99,912,708 | 0 | 0 | 1,511,489,028 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | | | | |
| 58001. | | | XXX | | | | | | | | | |
| 58002. | | | XXX | | | | | | | | | |
| 58003. | | | XXX | | | | | | | | | |
| 58998. | Summary of remaining write-ins for Line 58 from overflow page | | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. | Totals (Lines 58001 through 58003 plus 58998) (Line 58 above) | | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

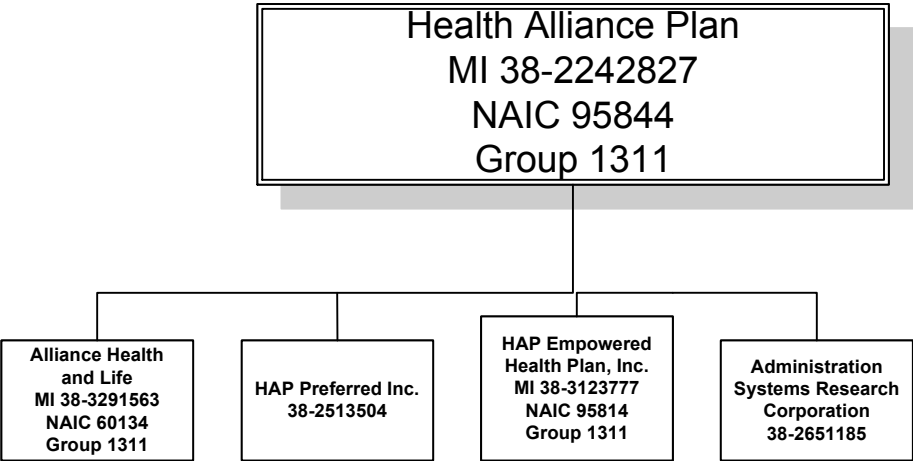
(a) Active Status Counts
L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG1 R – Registered – Non-domiciled RRGs0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state0 Q – Qualified – Qualified or accredited reinsurer0
N – None of the above – Not allowed to write business in the state lines in the state56

(b) Explanation of basis of allocation of premiums by states, etc.
By situs of contract.

STATEMENT AS OF DECEMBER 31, 2021 OF THE Health Alliance Plan of Michigan
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



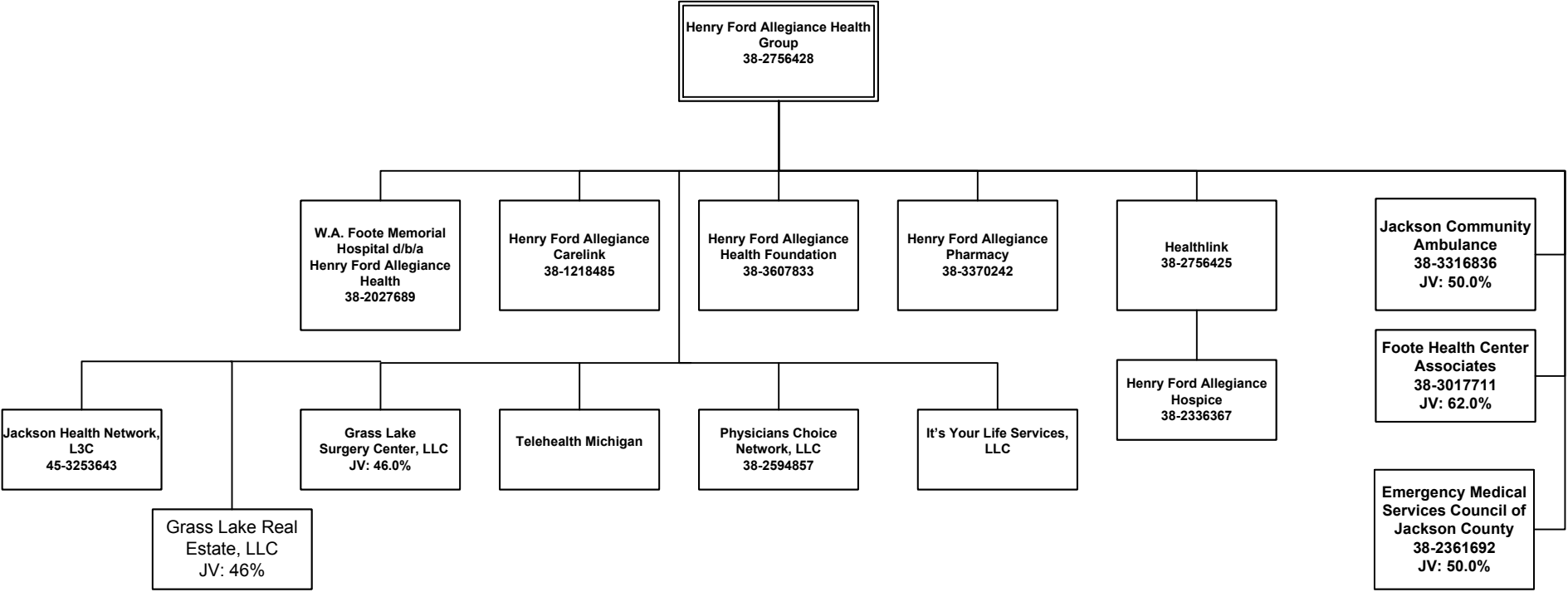
STATEMENT AS OF DECEMBER 31, 2021 OF THE Health Alliance Plan of Michigan
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



Legend:

- (1) Represents a business unit under Henry Ford Health System's Tax ID #
- (2) Henry Ford Allegiance Health Group became part of Henry Ford Health System effective April 1, 2016 and includes multiple entities including W.A. Foote Memorial Hospital d/b/a Henry Ford Allegiance Health. A separate organizational chart is attached.

STATEMENT AS OF DECEMBER 31, 2021 OF THE Health Alliance Plan of Michigan
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



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